

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

**LCB File No. R117-19**

January 10, 2020

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

AUTHORITY: §§1 and 4, NRS 703.025, 704.210, 704.991 and 704.9997; §2, NRS 703.025, 703.190, 704.210 and 704.9997; §3, NRS 703.025, 704.210, 704.991 and 704.9997.

A REGULATION relating to public utilities; prescribing the required contents of an application to engage in a renewable natural gas activity and the procedure for approval of such an application; requiring a public utility to seek a determination of prudence with respect to a renewable natural gas activity in a general rate case; providing for the issuance of a written order authorizing a public utility to make certain purchases of natural gas; requiring the informational report of a public utility that purchases natural gas for resale to include certain information relating to renewable natural gas activities; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

Existing law requires the Public Utilities Commission of Nevada to adopt regulations authorizing a public utility which purchases natural gas for resale to engage in certain renewable natural gas activities. Those regulations are required to prescribe the procedures for such a public utility to apply to the Commission for approval to engage in a renewable natural gas activity. (NRS 704.9997) **Section 2** of this regulation prescribes the required contents of such an application and the procedure for approval of such an application.

Existing law authorizes the Commission to approve as a renewable natural gas activity purchasing for certain purposes gas produced from a renewable natural gas facility. (NRS 704.9997) **Section 2** provides for the Commission to issue a written order prospectively authorizing a public utility that applies for the approval of such purchases to make any such purchase without the Commission’s separate review and approval of each purchase.

Existing law requires a public utility to apply to and obtain the approval of the Commission for any proposed rate change. (NRS 704.100, 704.110) **Section 2** provides that the approval of a renewable natural gas activity does not constitute a determination of prudence for the purposes of the rates charged by the utility. Rather, **section 2** requires a public utility whose application to engage in a renewable natural gas activity is approved to seek a determination of prudence with respect to the proposed renewable natural gas activity in a general rate application filed after the approval.

Existing law requires a public utility which supplies natural gas in this State to annually submit to the Commission an informational report that contains certain information concerning the demand for, cost of and provision of natural gas. (NRS 704.991) Existing law also requires a utility that purchases natural gas for resale to attempt to incorporate a certain amount of renewable natural gas into its gas supply portfolio. (NRS 704.9997) **Section 3** of this regulation requires the utility to include in its informational report of such a utility an update on the efforts of the utility to incorporate renewable natural gas into its gas supply portfolio.

**Section 4** of this regulation makes a conforming change to indicate the placement of **sections 2 and 3** in the Nevada Administrative Code.

**Section 1.** Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this regulation.

**Sec. 2. 1.** *An application for approval of a renewable natural gas activity submitted to the Commission by a public utility which purchases natural gas for resale must be supported by sworn testimony and consist of all of the following:*

*(a) A description of the proposed renewable natural gas activity.*

*(b) To the extent applicable, an estimate of the costs associated with the proposed renewable natural gas activity and the revenue requirement for the proposed renewable natural gas activity.*

*(c) If the public utility which purchases natural gas for resale is applying for approval of a renewable natural gas activity that involves contracting with a producer of renewable natural gas to build and operate a renewable natural gas facility, a copy of the proposed contract. The applicant may request that the contract be kept confidential pursuant to subsection 2 of NRS 703.190 and NAC 703.527 to 703.5282, inclusive.*

*(d) An explanation of the environmental benefits listed in subsection 2 of NRS 704.9997 that the proposed renewable natural gas activity will provide in this State.*

*(e) A statement of the mechanism by which the applicant proposes to recover the costs associated with the proposed renewable natural gas activity.*

*(f) An explanation of the impact of the proposed renewable natural gas activity on the rates charged by the public utility which purchases natural gas for resale, including, without limitation, the estimated impact of the proposed renewable natural gas activity on the rate base, the base tariff energy rate and the total revenue requirement of the public utility, as applicable.*

*2. Not later than 180 days after receiving an application, the Commission will issue a written order approving or disapproving the application as filed or approving the application subject to modifications identified in the order.*

*3. If a public utility which purchases natural gas for resale applies for approval to purchase gas produced from a renewable natural gas facility for a purpose described in paragraph (d) of subsection 3 of NRS 704.9997, the Commission may include in the written order authorization for the public utility to make such purchases without the need to have each such purchase separately reviewed and approved by the Commission.*

*4. An order issued pursuant to subsection 2 is not a determination of prudence with respect to the proposed renewable natural gas activity. The public utility which purchases natural gas for resale shall seek a determination of prudence in a general rate application filed pursuant to NRS 704.110 after the application is approved.*

*5. If a proposed renewable natural gas activity includes an area not included within the service area of the applicant, the applicant may include in its application pursuant to NRS 704.9997 an application to amend its certificate of public convenience and necessity to include that area within the service area of the applicant for that purpose. The application to amend a certificate of public convenience and necessity must comply with the requirements of NAC 703.175 and 703.205.*

**Sec. 3.** *A gas utility shall include in its informational report an update on the efforts of the gas utility to incorporate renewable natural gas into its gas supply portfolio and the progress of the gas utility toward meeting the goals for incorporating renewable natural gas into its gas supply portfolio which are set forth in subsection 4 of NRS 704.9997.*

**Sec. 4.** NAC 704.953 is hereby amended to read as follows:

704.953 As used in NAC 704.953 to 704.9718, inclusive, *and sections 2 and 3 of this regulation*, unless the context otherwise requires, the words and terms defined in NAC 704.9534 to 704.9605, inclusive, have the meanings ascribed to them in those sections.