

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

LCB FILE NO. R020-201

**The following document is the initial draft regulation proposed
by the agency submitted on 02/06/2020**

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

Docket No. 19-12026

February 6, 2020.

Explanation- Matter in *italics* is new language to be added to existing regulation; matter in brackets ~~[omitted material]~~ is material to be omitted.

Section 1. NAC 704.660 is hereby amended to read as follows:

The Commission ~~[will]~~ *may* consider a utility's marginal (incremental) cost of service to each class of customer in determining the revenue required from that class.

Sec. 2. NAC 704.662 is hereby amended to read as follows:

1. The rates charged by the utility for supplying *or delivering* electricity to customers of a particular class ~~[must]~~ *may* reflect the marginal (incremental) cost of serving that class, including any seasonal or hourly differences in the cost of the service, unless the Commission determines, in a proceeding to establish or change the rate, that:

(a) In the case of a proposed rate which reflects seasonal differences in the cost of service:

(1) Those differences are so insignificant that application of the rate would not result in conservation of electric energy or efficient use of facilities and resources; or

(2) Application of the proposed rate would unreasonably affect the utility's financial condition.

(b) In the case of a proposed rate which would reflect hourly differences in the cost of service, the cost of providing meters capable of registering the use of electricity during the particular hours when a particular charge for that use is in effect would be greater than the benefits of conservation of electric energy and efficient use of facilities and resources which would be obtained from use of the proposed rate.

(c) In any case:

(1) The rate would not be equitable; or

(2) The expected level of understanding or acceptance of the rate by the customers of the class to which the rate would apply is such that the rate would not likely serve the purpose of this regulation.

2. ~~[In developing a rate which will reflect the costs described in subsection 1,]~~The utility may group hours of the day, during which the costs of service are of similar magnitude, into two or more daily periods in order to prevent confusion.

3. If the utility will incur a net loss of revenue as a result of instituting a rate which reflects the seasonal variations in the cost of service, the utility may apply to the Commission for authority to change its rates in order to obtain expedited recovery of the loss.