

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

LCB File No. R020-20

May 11, 2020

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

AUTHORITY: §§1 and 2, NRS 703.025 and 704.210.

A REGULATION relating to electric utilities; revising provisions governing the calculation of the revenue required to be collected by certain electric utilities from each customer class and the rates to be charged to each customer class; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing regulations require the Public Utilities Commission of Nevada to consider certain electric utilities’ marginal (incremental) cost of service to each class of customer in determining the revenue required from that class and require the rates charged by an electric utility to customers of a particular class to reflect the marginal (incremental) cost of serving that class. (NAC 704.660, 704.662) **Sections 1 and 2** of this regulation remove references to the marginal (incremental) cost of service so that the cost of service considered by the Commission in determining the revenue required from each class of customer and the cost of service which must be reflected in the rates charged by the utility to customers of a particular class is not required to be the marginal (incremental) cost of service. **Section 2** also specifies that the rate charged for delivering electricity to customers of a particular class must reflect the cost of serving that class.

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

704.660 The Commission will consider a utility’s ~~margin(al) (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:

704.662 1. The rates charged by the utility for supplying *or delivering* electricity to customers of a particular class must reflect the ~~margin(al) (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.