

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

**LCB FILE NO. R071-21I**

**The following document is the initial draft regulation proposed  
by the agency submitted on 11/01/2021**

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

**Docket No. 21-06030  
October 28, 2021**

EXPLANATION – Matter in **underlined bold italics** is new; matter in brackets [~~omitted materials~~] is material to be omitted.

AUTHORITY: NRS 703.025, 704.210.

A REGULATION relating to gas utilities.

**Section 1.** Chapter 704 of NAC is hereby amended by amending existing provisions as set forth in Section 2 of this regulation.

**Section 2.** NAC 704.7985 is hereby amended to read as follows:

1. With the exception of [~~negotiated rate customers~~] **transportation customers with contracts for special services**, the replacement rate must be collected from all customers of the gas utility based upon consumption of gas by each customer class during the 12 months immediately preceding the filing of the rate application.

2. A [~~negotiated rate customer~~] **transportation customer with a contract for special services** may be required to pay a rate calculated separately that represents the costs associated with replacement of a pipeline segment or segments that benefit the [~~negotiated rate customer~~] **transportation customer with a contract for special services**. For the purpose of determining whether a [~~negotiated rate customer~~] **transportation customer with a contract for special services** will be required to pay the applicable replacement rate, a gas utility shall file with each advance application:

(a) A list identifying each [~~negotiated rate customer~~] **transportation customer with a contract for special services** that would benefit from the replacement of a specific pipeline segment or segments proposed in the advance application;

(b) A list identifying each [~~negotiated rate customer~~] **transportation customer with a contract for special services** that should be exempt from paying the replacement rate pursuant to a contract with the [~~negotiated rate customer~~] **transportation customer with a contract for special services**, and any evidence or legal arguments supporting any exemption claimed pursuant to this paragraph;

(~~d~~)(c) A proposed rate for each [~~negotiated rate customer~~] **transportation customer with a contract for special services** that would benefit from replacement of a specific pipeline segment or segments proposed in the advance application;

(~~e~~)(d) For each [~~negotiated rate customer~~] **transportation customer with a contract for special services** identified pursuant to this subsection, the consumption of gas by each [~~negotiated rate customer~~] **transportation customer with a contract for special services** during the 3 years immediately preceding the filing of the advance application received through the specific pipeline segment or segments proposed for replacement in the advance application that benefit the [~~negotiated rate customer~~] **transportation customer with a contract for special services**; and

(~~f~~)(e) Any other relevant evidence supporting the proposed rate to be charged to each [~~negotiated rate customer~~] **transportation customer with a contract for special services**.

↪ The rate for a [~~negotiated rate customer~~] **transportation customer with a contract for special services** identified pursuant to this subsection must be calculated based upon a rolling 3-year

average consumption by the [~~negotiated rate customer~~] **transportation customer with a contract for special services** from the specific pipeline segment or segments proposed for replacement in the gas infrastructure replacement advance application that benefit the [~~negotiated rate customer~~] **transportation customer with a contract for special services**. The rolling 3-year average consumption will be utilized to calculate an average consumption figure and will be compared to the percentage of consumption on the same pipeline segment or segments for all remaining gas utility customers as calculated pursuant to subsection 1.

3. Unless a [~~negotiated rate customer~~] **transportation customer with a contract for special services** is determined to be exempt in a proceeding to review an advance application, the rate for a [~~negotiated rate customer~~] **transportation customer with a contract for special services** as determined pursuant to this section must be charged to the [~~negotiated rate customer~~] **transportation customer with a contract for special services** after the gas utility has submitted a rate application that reflects the recorded costs of replacing the pipeline segment or segments that benefit the [~~negotiated rate customer~~] **transportation customer with a contract for special services**. If the gas utility's costs as reflected in the rate application deviate by more than 10 percent from the estimates set forth in the advance application, the gas utility shall file any information necessary for the recalculation of the rate in the rate application. A party to a rate application shall not address whether a [~~negotiated rate customer~~] **transportation customer with a contract for special services** should or should not be required to pay a replacement rate.

4. If the Commission determines that a [~~negotiated rate customer~~] **transportation customer with a contract for special services** is exempt from paying a replacement rate, the gas utility is not required in any subsequent advance application proceeding to address the applicability of this section to the [~~negotiated rate customer~~] **transportation customer with a contract for special**

services, unless the contract between the gas utility and the [~~negotiated rate customer~~]  
transportation customer with a contract for special services is modified or renegotiated. A gas utility shall continue to identify each exempt negotiated rate customer pursuant to paragraph (b) of subsection 2, but shall state that such a [~~negotiated rate customer~~] transportation customer with a contract for special services is exempt pursuant to this subsection and affirm that the contract with the [~~negotiated rate customer~~] transportation customer with a contract for special services has not been modified [~~or renegotiated~~].

5. As used in this section, [~~“negotiated rate customer” means a customer that contracts for negotiated rates with a gas utility pursuant to a utility tariff~~] “transportation customer” has the same meaning as prescribed in NAC 704.516(10) (see LCB File No. R075-20, effective ??/??/??).

6. As used in this section, “contract for special services” has the same meaning as prescribed in NAC 704.516(3) (see LCB File No. R075-20, effective ??/??/??).