

**PROPOSED REGULATION OF THE PUBLIC SERVICE**

**COMMISSION OF NEVADA**

**LCB File No. R053-97**

July 28, 1997

EXPLANATION--Matter in italics is new; matter in brackets [ ] is material to be omitted.

AUTHORITY: NRS 704.075 AND 704.210.

**Section 1.** NAC 704.516 is hereby amended to read as follows:

704.516 As used in NAC 704.516 to 704.528, inclusive [:], *unless the context otherwise requires:*

1. The words and terms defined in subsection 1 of NRS 704.075 have the meanings ascribed to them in that subsection.
2. "Schedule" means the [list] *tariff sheet that identifies the range* of rates and charges *, or the mechanisms pursuant to which such rates and charges may be determined,* filed pursuant to NAC 704.518.

**Sec. 2.** NAC 704.517 is hereby amended to read as follows:

704.517 NAC 704.516 to 704.528, inclusive, apply only to rates for natural gas [supplied] *transported for or sold* to generating, industrial and large commercial customers.

**Sec. 3.** NAC 704.518 is hereby amended to read as follows:

704.518 1. A utility which supplies natural gas may file with the commission a schedule to be applied to generating, industrial and large commercial customers served by the utility. The schedule [**may include a**] :

(a) *Must set forth the terms and conditions of service and the range of rates , or the mechanisms pursuant to which such rates may be determined; and*

(b) *May include* different rates for customers within the same class.

2. A *utility may provide service to a* generating, industrial [,] or large commercial customer [**is subject**] *pursuant* to a schedule filed pursuant to subsection 1 [**only if:**

(a) **It**] *if the customer* notifies the utility in writing in a manner acceptable to the utility that [**it**] *the customer* wishes to be billed pursuant to the schedule [**;** **and**

(b) **It**] *and the customer* has demonstrated *to the utility* that [**it**] :

(a) *The customer* is capable of using a fuel other than natural gas [.

**3.] ; or**

(b) *A bona fide alternative to purchasing service from the utility is available to the customer.*

3. *If a utility which seeks to transport natural gas for or sell natural gas to a generating, industrial or large commercial customer:*

(a) *Does not have a schedule approved by the commission on file with the commission pursuant to subsection 1;*

*(b) Seeks to charge a rate that is outside of the limits established by the schedule of the utility approved for transporting natural gas for or selling natural gas to a generating, industrial or large customer; or*

*(c) Seeks terms and conditions of service outside those set forth in the schedule of the utility approved for transporting natural gas for or selling natural gas to a generating, industrial or large commercial customer,*

*the utility shall file with the commission an application for the approval of a contract for special services between the utility and the generating, industrial or large commercial customer. A contract for special services must specify the method, terms, conditions and rates by which the services are to be rendered to the customer. A utility shall not provide service to a generating, industrial or large customer pursuant to a contract of special services until the contract is approved by the commission.*

*4. A utility may provide service to a generating, industrial or large commercial customer pursuant to a contract for special services if the customer notifies the utility in writing in a manner acceptable to the utility that the customer wishes to be billed pursuant to such a contract and the customer has demonstrated to the utility that:*

*(a) The customer is capable of using a fuel other than natural gas; or*

*(b) A bona fide alternative to purchasing service from the utility is available to the customer.*

*5. The rates and charges under a schedule or a contract for special services filed pursuant to this section must be established by the utility which supplies natural gas after*

consultation with [the affected customers.] *each affected customer.* The utility [must] *shall* consider the value to the customer of using natural gas as opposed to using an alternative fuel and the cost to the utility of providing the service.

[4.] 6. Filings, pursuant to NAC 704.518 to 704.528, inclusive, are exempt from the provisions of NRS 704.080, 704.090, 704.100 [.] and 704.110 [.] , *except that any tariff, schedule or contract for special services that is filed is subject to the provisions of NRS 704.100 and 704.110 governing the time in which the commission must take action on such filings.*

7. *As used in this section:*

(a) *“Bona fide alternative” means an option available to a customer:*

(1) *Which is economically and operationally feasible; and*

(2) *For which the cost to the customer to bypass the system of the utility is less than the marginal cost needed for the utility to serve that customer.*

(b) *“Contract for special services” means a contract which is filed by a utility in lieu of a schedule and which specifies the methods, terms, conditions and rates by which services are to be rendered to a generating, industrial or large commercial customer.*

**Sec. 4.** NAC 704.521 is hereby amended to read as follows:

704.521 A schedule filed by a utility must include or be accompanied by a written justification for each rate and charge in the schedule . [indicating the manner in which the rates and charges were developed.]

**Sec. 5.** NAC 704.522 is hereby amended to read as follows:

704.522 1. The utility may change the level of a rate within an established range of rates *pursuant to a schedule approved by the commission for generating, industrial or large commercial customers* by filing a memorandum with the commission stating the new level of the rate, the name of the affected customer and the effective date of the change.

[The memorandum may not take effect before it is filed with the commission.

2. Upon request by the utility, the information regarding a memorandum will be kept confidential, except from the affected customer and the advocate for customers of public utilities, for 90 days after the memorandum is filed.]

2. *As used in this section, “memorandum” means a written notice from a utility to the commission of any change to rates or any changes to a schedule approved by the commission.*

**Sec. 6.** NAC 704.523 and 704.5245 are hereby repealed.

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**TEXT OF REPEALED SECTIONS**

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**704.523 Approval of commission required for change in terms and conditions of service; schedule not involving change in terms and conditions of service.**

1. If a schedule involves a change in terms and conditions of service to a customer, the schedule may not be used as a basis for calculating and submitting a bill to that customer until an appropriate tariff or agreement with the customer for the service that reflects the changed terms and conditions of service has been approved by the commission. Any amendment of the terms and conditions proposed after the commission's approval of the schedule must be approved by the commission before it is effective.

2. If a schedule does not involve a change in the terms and conditions of service, the existing tariffs and agreements for the service must be used as the basis for calculating and submitting a bill to the customer.

**704.5245 Customer subject to schedule until establishment by commission of new general rates and charges.** A generating, industrial, or large commercial customer who is subject to a schedule filed with the commission by a utility must continue to be subject to that schedule until the commission, after conducting a hearing for that purpose, establishes new general rates and charges for the other classes of customers of the affected utility.