

LCB File No. R101-98

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

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

In Re Investigation into alternative form)
of regulation (pursuant to NRS 704.993)
to 704.999, inclusive) for natural gas local) Docket No. 97-8002
distribution companies and alternative)
sellers of natural gas, and related matters.)

NOTICE OF HEARING FOR THE ADOPTION OF REGULATIONS
OF THE PUBLIC UTILITIES COMMISSION OF NEVADA

The Public Utilities Commission of Nevada ("Commission") will hold a public hearing at 10:00 a.m. on Friday, July 10, 1998, at the office of the Commission, 1150 East William Street, Carson City, Nevada 89701. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of regulations that pertain to Chapter 704 of the Nevada Administrative Code ("NAC").

The following information is provided pursuant to the requirements of NRS 233B.060:

The provisions of NRS 704.993 to 704.999, inclusive, require the Commission to determine whether components of natural gas service should be considered potentially competitive. Pursuant to these statutory requirements, this proposed regulation is intended to establish a procedure by which interested persons may request that a service be classified as potentially competitive. The proposed regulation is available upon request from the Commission. The estimated economic effect of this proposed regulation cannot be quantified at this time, although there is the potential that provision of a service by alternative sellers may decrease the cost of

providing the service. The Commission does not envision that the proposed regulation will result in increased costs associated with enforcement. This proposed regulation does not overlap or duplicate any regulations of other state or local governmental agencies. This proposed regulation does not establish any new fees or increase any existing fees.

The provisions of the proposed regulation potentially affect providers and customers of natural gas service. At this time, the Commission does not anticipate adverse economic effects on the entities affected by the regulation, either immediate or long-term, to result from the regulation. No adverse economic effects on the public, either immediate or long-term, are expected at this time. Beneficial economic effects on the entities affected by these regulations, both immediate and long-term, are expected to include decreased costs and increased innovation. Similar beneficial economic effects are expected to inure to the public.

Persons wishing to comment upon the proposed action of the Commission may appear at the scheduled public hearing or may address their comments, data, views or arguments, in written form, to the Secretary of the Public Utilities Commission of Nevada, 1150 East William Street, Carson City, Nevada 89701, or the Sawyer Office Building, 555 East Washington Avenue, Suite 4500, Las Vegas, Nevada 89101. Written submissions must be received by the Commission on or before Monday, July 6, 1998. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Commission may proceed immediately to act upon any written submissions.

A copy of this notice and the regulation to be adopted will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation to be adopted will be available at the Public Utilities Commission of Nevada, 1150 East William Street, Carson City, Nevada 89701,

and the Sawyer Office Building, 555 East Washington Avenue, Suite 4500, Las Vegas, Nevada, 89101 and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the State of Nevada Register of Administrative Regulations which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653, and on the Internet at <http://www.leg.state.nv.us>. Copies of this notice and the proposed regulation will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

Upon adoption of any regulation, the Commission, if requested to do so by an interested person, either before adoption or within 30 days thereafter, will issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reasons for overruling the consideration urged against its adoption.

This notice has been posted at the county courthouses in Carson City, Reno, and Las Vegas.

By the Commission,

JEANNE REYNOLDS, Commission Secretary

Dated: Carson City, Nevada

(SEAL) _____

LCB File No. R101-98

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

PUCN Docket No. 97-8002

LCB File No. _____

Authority: §§2-11, NRS 703.025 and 704.997.

Section 1. Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 11, inclusive, of this regulation.

Sec. 2. Sections 3 through 11, inclusive, of this regulation do not apply to services provided to customers which take service pursuant to NRS 704.075.

Sec. 3. As used in sections 2 to 11, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 4 and 5 of this regulation have the meanings ascribed to them in that section.

Sec. 4. "Potentially competitive service" has the meaning ascribed to it in NRS 704.996.

Sec. 5. "Effective competition" means, with respect to a particular service, a market structure and a process under which an individual seller is not able to influence significantly the price of the service as a result of:

- (a) The number of sellers of the service;

- (b) The size of each seller's share of the market;
- (c) The ability of the sellers to enter or exit the market; and
- (d) The price and availability of comparable substitutes for the service.

Sec. 6. 1. Any interested person may request that the commission classify a natural gas service as a potentially competitive service.

2. A request made pursuant to subsection 1 must be submitted to the commission and must:

(a) Describe and identify fully the natural gas service to be classified as a potentially competitive service, including, without limitation:

(1) The technical and common names of the natural gas service.

(2) The facilities, personnel, and other resources that are or will be used to provide the natural gas service.

(3) All other components of natural gas services that are necessary to the provision of the service.

(4) The geographic market area for which the classification of the service as a potentially competitive service is being sought.

(5) The nature and extent of the market in which the service is or will be provided, including, without limitation:

(i) The class or classes of customers for that natural gas service.

(ii) The source of revenues for that natural gas service.

(b) Provide all facts necessary to support classification of the service as a potentially competitive service, including, without limitation, facts that support that provision of the

service by alternative sellers:

(i) Will not unduly harm any class of customers.

(ii) Will decrease the cost of providing the service to customers in this state or increase the quality or innovation of the service to customers in this state.

(iii) Is a service for which effective competition in the market is likely to develop.

(iv) Will advance the competitive position of this state relative to surrounding states.

(v) Will not otherwise jeopardize the safety and reliability of the natural gas service in this state.

(c) Contain an acknowledgment that a copy of the application has been served upon the existing provider or providers of the service sought to be reclassified.

3. As used in this section, "person" has the meaning ascribed to it in NRS 704.995.

Sec. 7. The geographic market area identified by the applicant as required in subsection (2)(a)(4) of section 6 of this regulation shall not extend beyond the boundaries of the certificated service area of a single natural gas utility.

Sec. 8. If the commission receives a request to classify a natural gas service as a potentially competitive service and that request meets the requirements set forth in section 6 of this regulation, the commission will determine that the service is a potentially competitive service.

Sec. 9. 1. Any service not classified as a potentially competitive, competitive, or discretionary service will be considered a noncompetitive service.

2. As used in this section, "noncompetitive service" means any natural gas service determined by statute or by the commission to be unsuitable for purchase by customers from alternative sellers.

Sec. 10. Once the commission has made a determination that a natural gas service is potentially competitive, the commission shall establish an alternative plan of regulation for that service.

Sec. 11. The commission shall monitor the market for a natural gas service which it has deemed a potentially competitive service to determine whether the market has become effectively competitive. Any service which has been designated a potentially competitive service shall be deemed a competitive service upon a determination by the Commission that the market for such service has become effectively competitive. Upon a finding by the commission that the market for a natural gas service has become effectively competitive, the commission shall repeal any pricing provisions contained in the alternative plan of regulation described in NRS 704.997.