

**LCB File No. R063-99**

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

Docket No. 97-8002 (Licensing Fee - Alternative Sellers)

(Adopted as temporary regulation June 17, 1999.)

AUTHORITY: NRS 703.025, 704.997, 704.998.

**Section 1.** Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as Sections 2 to 12, inclusive, of this regulation.

**Section 2. Scope.** The provisions of this regulation apply to all alternative sellers of natural gas service as defined in NRS 704.994.

**Section 3. Definitions.**

“Alternative seller” has the meaning ascribed to it in NRS 704.994.

“Discretionary service” means the sale of natural gas to end-use customers eligible to be served under either a commission-approved transportation tariff or a schedule or contract pursuant to NAC 704.518.

**Section 4.** The commission shall levy and collect an annual licensing fee from all alternative sellers.

**Section 5.** The commission shall assess a fee, based on gross revenues on sales related to any services provided pursuant to an alternative seller’s license for the calendar year preceding the year in which the fee is payable:

1. at the same rate as that used in assessing public utilities for the use of the commission; and

2. at the same rate as that used in assessing public utilities for the use of the consumers' advocate in the bureau of consumer protection, except that the minimum fee in any one year must be ten dollars. An alternative seller may claim a credit for fees paid to regulated public utilities or other alternative sellers for services which are purchased for intrastate resale. The annual licensing fee is not a substitute for the payment of any other applicable fees, including, but not limited to, fees authorized by NRS 703.197 for filing documents. No fee shall be assessed for any discretionary services rendered pursuant to any contract which was executed before the effective date of this regulation. This exemption shall expire upon expiration of any such contract.

**Section 6.** On or before June 1 of each year, the commission shall mail revenue report forms to all alternative sellers under its jurisdiction, to the address of those alternative sellers on file with the commission. The revenue report form serves as notice of the commission's intent to collect a licensing fee, but failure on the part of the commission to notify any alternative seller does not invalidate the requirement of any alternative seller to remit the fee.

**Section 7.** Each alternative seller shall complete the revenue report, compute the amount of the fee, and return the completed revenue report to the commission with payment of the fee and any penalty due.

**Section 8.** The licensing fee shall be due on July 1 of each year, but may, at the option of the alternative seller, be paid quarterly on July 1, October 1, January 1 and April 1.

**Section 9.** The fee and any penalty computed by the alternative seller is subject to review and audit by the commission. The amount of the fee and any penalty may be adjusted by the commission as a result of the audit and review.

**Section 10.** Any alternative seller which fails to pay the fee on or before August 1, or, if paying quarterly, on or before August 1, October 1, January 1 or April 1, shall pay, in addition to the fee, a penalty of one percent of the total unpaid balance for each month or portion thereof that the fee is delinquent, or ten dollars, whichever is greater. No penalty shall exceed \$1,000 for each delinquent payment.

**Section 11.** The commission may bring an action in its own name for the collection of any fee or penalty which is not paid pursuant to Sections 2 to 12, inclusive, of this regulation.

**Section 12.** The commission shall, on a quarterly basis, transfer to the account for the consumers' advocate in the bureau of consumer protection in the office of the attorney general that portion of the fees collected which belongs to the consumers' advocate.

**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. )

**INFORMATIONAL STATEMENT**

(Filed in accordance with NRS 233B.066.)

In August 1997, the Public Utilities Commission (“Commission”) opened an investigation to explore the issues surrounding the changing natural gas industry. These issues include establishment of a licensing fee to be imposed on alternative sellers of natural gas services. On March 23, 1999, the Commission held a workshop for the purpose of discussing the general topic of a licensing fee. A hearing on a proposed regulation was held on June 2, 1999. At a duly-noticed agenda meeting held on June 17, 1999, pursuant to NRS 233B.063(3), the Commission voted to adopt a temporary regulation.

**Solicitation of Public Comment**

The Commission’s notices which were issued in this docket were published in numerous newspapers of general circulation, mailed to public utilities, mailed to city and county clerks, issued as press releases, mailed to the Attorney General’s Bureau of Consumer Protection/Utility Consumers Advocate, and mailed to all those entities which requested inclusion on the service list.

The workshop held on March 23, 1999 was attended by approximately seven persons, six of whom made oral comments. Written comments were filed by the Regulatory Operations Staff

of the Commission, Enron, and Sierra Pacific Power Company. These comments supported the general concept of a licensing fee. Enron suggested an alternative method by which the amount of a fee could be determined.

The hearing held on June 2, 1999 was attended by approximately four persons, one of whom made oral comments. No written comments were filed.

Copies of this informational statement may be obtained by contacting either of the Commission's office at:

Office of the Public Utilities Commission  
1150 East William Street  
Carson City, Nevada 89701-3109

(702) 687-6007

or

Office of the Public Utilities Commission  
Sawyer Office Building  
555 East Washington Avenue, Suite 4500  
Las Vegas, Nevada 89101

(702) 486-2600

### Economic Effects

The adverse economic effects, either immediate or long-term, which may result from this regulation, for the regulated utilities or other businesses affected by it, should be limited to the amount of the licensing fee itself. The Commission at this time does not believe that such effects can be avoided, since there must be a funding mechanism for regulation of alternative sellers. No adverse economic effects, either immediate or long-term, are expected to inure to the public. Beneficial economic effects, both immediate and long-term, which may result from this regulation, are difficult to quantify, but may include benefits related to the standardization of the

process by which fees will be assessed. The public should benefit because the licensing fee will allow the Commission to properly regulate alternative sellers.

**Cost of Enforcement and Duplication of Other Regulations**

The Commission does not anticipate any increased costs associated with enforcement of this regulation. This regulation does not overlap or duplicate any other federal, state or local government regulations.

**Fee**

This regulation does establish a new fee. Since the amounts that the Commission may collect are a function of revenues that alternative sellers of natural gas services will earn in the future, and no alternative sellers have to date been granted a license to provide such services, the amounts to be collected cannot be determined at this time. All fees collected will be used to defray the cost of regulating these alternative sellers.