

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

LCB File No. R071-07

Effective October 31, 2007

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

AUTHORITY: §1, NRS 703.025 and 703.320; §§2-12, 14, 15, 17 and 18, NRS 703.025, 704.187 and 704.210; §13, NRS 703.025, 704.187, 704.210 and 704.215; §16, NRS 703.025 and 704.210.

A REGULATION relating to public utilities; revising provisions governing deferred accounting by certain electric and gas utilities; revising provisions governing the transmittal of information by a public utility to its customers; and providing other matters properly relating thereto.

Section 1. NAC 703.160 is hereby amended to read as follows:

703.160 1. The Secretary shall cause public notice of each filing or proceeding described in subsection 11 to be published in the manner prescribed in this section. The publisher of the public notice shall, not later than 5 days after publication of the notice, provide to the Commission proof of the publication of the notice. The proof must include:

- (a) The name of the newspaper in which the notice was published;
- (b) The name of the county in which the notice was published;
- (c) A statement signed by the publisher that the newspaper in which the notice was published is a newspaper of general circulation in the county in which the notice was published; and
- (d) The date of the publication of the notice.

2. Except as otherwise provided in this section, if the Secretary determines that the filing or proceeding will have:

(a) A statewide effect, the Secretary shall cause the public notice to be published once in four or more newspapers of general circulation in this State, no two of which are published in the same county.

(b) An effect on a limited number of counties, the Secretary shall cause the public notice to be published once in a newspaper of general circulation in each county affected. If there is no newspaper published in an affected county, the Secretary shall cause the public notice to be published once in a newspaper of general circulation in an adjoining county.

3. For a petition filed pursuant to NAC 703.290, the Secretary shall cause a public notice to be published once in a newspaper of general circulation in the county in this State where the principal place of operations of the incumbent local exchange carrier is located. As used in this subsection, “incumbent local exchange carrier” has the meaning ascribed to it in NAC 704.75993.

4. The Secretary will, if practicable, post each business day on the Internet website of the Commission a current list of all public notices published pursuant to this section.

5. The public notice must be an advertisement which is not less than 1 column inch by 3 inches, with a border on all sides, and must include, as appropriate:

(a) At the beginning of the notice, a title that generally describes the relief requested or the type of proceeding scheduled;

(b) The name of the applicant, complainant or petitioner or the name of the agent for the applicant, complainant or petitioner;

(c) A brief description of the purpose of the filing or proceeding, including, without limitation, a clear and concise introductory statement that summarizes the relief requested or the type of proceeding scheduled and the effect of the relief or proceeding upon consumers;

(d) The location where the filing is on file for the public or the location and time for the proceeding; and

(e) The date by which persons must file comments, notices of intent to participate as a commenter or petitions for leave to intervene with the Commission.

↪ The public notice must be published prominently so that it is reasonably calculated to notify affected persons.

6. If the notice is:

(a) A public notice for a hearing, the Secretary shall cause the notice of hearing to be:

(1) Served on each party and published at least 10 days before the hearing is held; and

(2) Posted at the principal office of the Commission at least 3 days before the hearing is held.

(b) For a filing or a proceeding other than a hearing, the Secretary shall cause the public notice to be published in the appropriate newspapers not less than 3 working days before the proposal in the filing becomes effective or the proceeding is held.

7. The applicant, complainant or petitioner shall pay the cost of the publication.

8. On a weekly basis, the Commission will cause to be published a summary of public notices concerning the filings and proceedings described in subsection 11. The summary of public notices will be published in the Sunday edition of a newspaper of general circulation in Carson City and such other newspapers as determined by the Secretary.

9. If public notice of a filing or proceeding is published by the Secretary pursuant to this section, the Secretary's notice shall be deemed to be legally sufficient public notice of the filing or proceeding, even if public notice in the summary of public notices is deficient or fails to be published pursuant to this section.

10. If public notice of a filing or proceeding is published in the summary of public notices pursuant to this section, the public notice in the summary of public notices shall be deemed to be legally sufficient public notice of the filing or proceeding, even if the Secretary's public notice is deficient or fails to be published pursuant to this section.

11. The provisions of this section apply to the following filings or proceedings:

(a) An application or tariff filing involving any authorization, expansion, reduction or curtailment of services, facilities or authority, any increase in rates, fares or charges, or any change in regulations.

(b) A complaint filed with the Commission pursuant to NAC 703.651.

(c) A petition.

(d) A prehearing conference.

(e) A workshop.

(f) A consumer session.

(g) A hearing.

12. The provisions of this section do not apply to a quarterly rate adjustment made pursuant to subsection 8 *or* 9 of NRS 704.110.

Sec. 2. NAC 704.024 is hereby amended to read as follows:

704.024 "Adjustment date" means the end of the *calendar year for an electric utility or the end of the* calendar month selected by ~~the electric utility or~~ a gas utility for the purposes of a deferred energy application.

Sec. 3. NAC 704.030 is hereby amended to read as follows:

704.030 "Amortization period" means:

1. For an electric utility, such period, not to exceed ~~[36]~~ **12** months, after the end of the prior related test period, as determined by the Commission.

2. For a gas utility, such ~~[12-month]~~ period, ***not to exceed 12 months***, after the end of the prior related test period, as determined by the Commission.

Sec. 4. NAC 704.032 is hereby amended to read as follows:

704.032 “Base tariff energy rate” means:

1. For an electric utility, the rate determined by dividing the cost of fuel for electric generation and purchased power, ***reduced by any revenue from nonfirm sales for the test period***, by ~~[applicable sales as described in NAC 704.130;]~~ ***the total megawatt-hours that have been sold, exclusive of nonfirm sales, for the test period, except that if a regulation of the Commission or a specific fuel or purchased power contract so specifies, the costs and benefits must be treated in accordance with the regulation or the terms and conditions of the contract;***

2. For a gas utility that does not make quarterly rate adjustments, the rate determined by dividing the cost of purchased gas by the applicable sales as described in NAC 704.135; or

3. For a gas utility that makes quarterly rate adjustments, the rate determined pursuant to the methodology determined by the Commission pursuant to section 5 of LCB File No. R202-05 ~~[as proposed]~~ ***which was adopted*** by the Public Utilities Commission of Nevada ~~[.]~~ ***and which was filed with the Secretary of State on November 13, 2006.***

Sec. 5. NAC 704.039 is hereby amended to read as follows:

704.039 “Deferred energy application” means an application filed by ~~[an]~~ :

1. An electric utility ***pursuant to NRS 704.187 and subsection 9 of NRS 704.110;*** or

2. A gas utility to clear its deferred energy accounts pursuant to NAC 704.023 to 704.195, inclusive.

Sec. 6. NAC 704.045 is hereby amended to read as follows:

704.045 “Deferred energy balance” means the amount contained in FERC Account Nos.

~~[186]~~ **182.3** and 191, and represents the sum of:

1. The difference between revenue received from the base tariff energy rate and the jurisdictional allocation of the amounts contained in the appropriate accounts listed in paragraphs (a), (b), (c) and (e) of subsection 2 of NAC 704.120;
2. The amount resulting from the application of the deferred energy accounting adjustment to sales, as contained in the appropriate revenue accounts;
3. The Nevada jurisdictional portion of refunds from suppliers, including any interest earned thereon; and
4. Carrying charges as described in NAC 704.150.

Sec. 7. NAC 704.101 is hereby amended to read as follows:

704.101 Each electric utility and gas utility using deferred energy accounting shall maintain a deferred energy account . ~~[and, if applicable, such an electric utility shall maintain appropriate subaccounts.]~~ Entries must be made to the deferred energy account ~~[and any appropriate subaccounts]~~ at the end of each month as follows:

1. For electric operations:
 - (a) A debit entry or credit entry to FERC Account ~~[186]~~ **No. 182.3**, if negative, equal to the cost of both fuel for electric generation and purchased power, reduced for revenues from nonfirm sales, distributed to applicable jurisdictional sales by the ratio of those jurisdictional sales to the total sales of energy, exclusive of nonfirm sales, less the amount of revenue derived by applying the base tariff energy rate to that month’s applicable jurisdictional sales.

(b) ~~Each subaccount must receive a~~ A separate credit entry or debit entry, if negative, equal to the amount of revenue derived by applying the appropriate deferred energy accounting adjustment to that month's applicable jurisdictional sales.

(c) A credit *entry* equal to the jurisdictional amount of any cash refund, including interest if applicable, received from its fuel or suppliers of purchased power.

(d) ~~Each subaccount must receive a~~ A separate debit entry or credit entry, if negative, equal to the product of the ending balance multiplied by one-twelfth of the authorized rate of return as provided in NAC 704.150.

2. For gas operations:

(a) A debit entry or credit entry to FERC Account *No.* 191, if negative, equal to the cost of purchased gas for the month distributed to applicable jurisdictional sales by the ratio of those jurisdictional sales to total sales, less the amount of the revenue derived by applying the base tariff energy rate to that month's applicable jurisdictional sales.

(b) A credit entry or debit entry, if negative, equal to the amount of revenue derived by applying the appropriate deferred energy accounting adjustment to that month's applicable jurisdictional sales.

(c) A credit entry equal to the jurisdictional amount of any cash refund, including interest if applicable, received from suppliers of purchased gas.

(d) A debit entry or credit entry, if negative, equal to the product of the ending balance multiplied by one-twelfth of the authorized rate of return as provided in NAC 704.150.

Sec. 8. NAC 704.105 is hereby amended to read as follows:

704.105 An account for energy cost adjustments must:

1. Contain contra entries to:

- (a) FERC Account No. ~~186,~~ 182.3, for electric operations; or
- (b) FERC Account No. 191, for gas operations.

2. Be debited or credited with the amount of the amortized energy cost differential for each month of each period of amortization.

3. Be maintained in a manner consistent with:

- (a) FERC Account No. ~~186,~~ 182.3, for electric operations; or
- (b) FERC Account No. 191 , ~~182.3~~ for gas operations.

Sec. 9. NAC 704.111 is hereby amended to read as follows:

704.111 1. For each electric utility:

(a) The electric utility shall clear annually any debit or credit balance in FERC Account No. ~~186~~ 182.3 over an approved period by dividing the cumulative debit or credit balance by the total Nevada jurisdictional kilowatt-hours which have been sold during the test period. The resulting positive or negative deferred energy accounting adjustment must be applied to each Nevada jurisdictional customer's monthly use of energy expressed in kilowatt-hours.

~~(b) If the electric utility requests or is ordered to clear any debit or credit balance in FERC Account No. 186 over an amortization period exceeding 12 months, the cumulative debit balance, subject to subsection 3, or credit balance at the end of the test period must be transferred to a separate subaccount. The cumulative balance must be multiplied by the ratio of 12 months to the number of months in the extended amortization period. The debit or credit amount so derived must be divided by the Nevada jurisdictional kilowatt hours sold during the test period. The resulting positive or negative deferred energy accounting adjustment must be applied to each Nevada jurisdictional customer's monthly use of energy expressed in kilowatt hours. At the end~~

~~of the amortization period, any remaining balance must be transferred to the nonsegregated deferred account subaccount.~~

~~(e)~~ The electric utility shall not bill or credit the deferred energy accounting adjustment to the customers of the electric utility until authorized by the Commission after a proper deferred energy application is made therefor.

2. For each gas utility:

(a) The gas utility shall clear annually any debit or credit balance in FERC Account No. 191 by dividing the cumulative debit or credit balance by the total Nevada jurisdictional therms which have been sold during the test period. The resulting positive or negative deferred energy accounting adjustment must be applied to each Nevada jurisdictional customer's monthly use of energy expressed in therms.

(b) The gas utility shall not bill or credit the deferred energy accounting adjustment to the customers of the gas utility until authorized by the Commission after a proper deferred energy application or annual rate adjustment application is made therefor.

3. The recovery of a debit balance in FERC Account No. ~~186,~~ 182.3, for electric operations, or FERC Account No. 191, for gas operations, must be limited by the most recently authorized Nevada jurisdictional rate of return for the specific operation of the electric utility or gas utility. If the Nevada jurisdictional rate of return submitted for an operating department of the electric utility or gas utility exceeds the most recently authorized rate of return for the utility, an amount equal to the amount which exceeds the utility's last authorized rate of return must be carried forward to the next test period.

Sec. 10. NAC 704.116 is hereby amended to read as follows:

704.116 1. Except as otherwise provided in subsection 2 or 3, each electric utility and gas utility shall file annually with the Commission a deferred energy application for each of its jurisdictional operating departments in this State setting forth its calculations of the deferred energy accounting adjustment and the base tariff energy rate.

2. ~~["An electric utility or"]~~ A gas utility that is not authorized to make quarterly rate adjustments may file with the Commission a semiannual deferred energy application if the net change in revenue necessary to clear the change in the deferred energy account balance at the end of the 6-month period exceeds plus or minus 5 percent of the total revenue at the last authorized rates for ~~["fuel for electric generation and purchased power or"]~~ purchased gas.

3. A gas utility that makes quarterly rate adjustments pursuant to subsection 8 of NRS 704.110 shall file an annual rate adjustment application with the Commission for each of its jurisdictional operating departments in this State, setting forth its calculations of the deferred energy accounting adjustment. The annual rate adjustment application must be filed not later than the date specified by the Commission pursuant to subsection 3 of section 5 of LCB File No. R202-05 ~~["as proposed"]~~ *which was adopted* by the Public Utilities Commission of Nevada ~~[""]~~ *and which was filed with the Secretary of State on November 13, 2006.*

4. Each electric utility ~~["and gas utility"]~~ shall file its deferred energy application *pursuant to subsection 3 of NRS 704.187. Each gas utility shall file its deferred energy application* not later than 45 days after the adjustment date.

5. If an electric utility files a deferred energy application while a general rate application is pending before the Commission, the electric utility shall:

(a) Submit with its deferred energy application information relating to the cost of service and rate design; and

(b) Supplement its general rate application with the same information, if such information was not submitted with the general rate application.

6. The deferred energy accounting adjustment of an electric utility or gas utility must be calculated pursuant to NAC 704.101 and 704.111.

7. ~~[The base tariff energy rate of an electric utility must be calculated pursuant to NAC 704.130.~~

~~—8.]~~ The base tariff energy rate of a gas utility that is not authorized by the Commission to make quarterly rate adjustments must be calculated pursuant to NAC 704.135.

~~[9.]~~ 8. The base tariff energy rate of ~~[an electric utility or gas utility, other than]~~ a gas utility that is *not* authorized by the Commission to make quarterly rate adjustments ~~[,]~~ remains in effect until a revised rate is authorized by the Commission.

~~[10.]~~ 9. The deferred energy accounting adjustment of an electric utility or gas utility remains in effect until the end of the designated amortization period or until an amended rate is authorized by the Commission, whichever occurs first.

Sec. 11. NAC 704.117 is hereby amended to read as follows:

704.117 ~~[1.—If an electric utility provides notice in its deferred energy application, the electric utility may update its base tariff energy rate calculation 60 days after filing its deferred energy application.~~

~~—2.—An electric utility may file an application to revise its base tariff energy rate if it does not have pending a deferred energy application pursuant to subsection 2 of NAC 704.116. An electric utility that files an application to revise its base tariff energy rate must:~~

~~—(a) Submit the application to revise its base tariff energy rate not less than 120 days before the adjustment date for the deferred energy application filed pursuant to subsection 1 of NAC 704.116; and~~

~~—(b) Calculate the base tariff energy rate pursuant to NAC 704.130.~~

~~—3.]~~ In accordance with subsection 7 of NRS 704.110, a gas utility may file an application to revise its base tariff energy rate every 30 days ~~[-~~

~~—4.— If an electric utility files an application to revise its base tariff energy rate pursuant to subsection 2 and the Commission authorizes a revised rate, the Commission will provide that the revised rate becomes effective on the day following the adjustment date for the deferred energy application filed pursuant to subsection 1 of NAC 704.116.] unless the Commission has approved a quarterly rate adjustment pursuant to NRS 704.100 and 704.110.~~

Sec. 12. NAC 704.118 is hereby amended to read as follows:

704.118 1. An electric utility or gas utility that files a deferred energy application pursuant to NAC 704.116, ~~[an electric utility that files an application to revise its base tariff energy rate pursuant to subsection 2 of NAC 704.117,]~~ a gas utility that files an application to revise its base tariff energy rate pursuant to ~~[subsection 3 of]~~ NAC 704.117 or a gas utility that files an annual rate adjustment application pursuant to subsection 3 of NAC 704.116 shall:

(a) Within 10 days after filing the application, make available at each of its business offices a complete copy of the application in such form and place as to be readily accessible to and conveniently inspected by the public;

(b) Within 10 days after filing the application, print in plain type and post at each of its business offices, in such form and place as to be readily accessible to and conveniently inspected by the public, a notice stating that the application has been filed with the Commission, describing

briefly the purpose of the application, indicating that the complete application is available for public inspection on the premises and setting forth the locations where additional information may be obtained; and

(c) Within 20 days after filing the application, submit to the Commission affidavits that indicate that the application has been filed and that the utility has complied with the provisions of paragraphs (a) and (b).

2. After the Commission has scheduled a date for a hearing on the application, the applicant shall, at least 10 days before the scheduled date of the hearing, give notice to its customers who are affected by the proposed increase. The first paragraph of the notice must state the date, time and place of the hearing, the total amount of the proposed increase in dollars, the estimated proposed monthly increase in dollars and the proposed percentage of increase for each class of customer or class of service. The notice must also state that the Commission may set rates which may be higher or lower than the rates proposed in the application and that additional information may be obtained from the Commission or at the offices of the electric or gas utility filing the application. The notice must be given by at least two of the following methods:

- (a) Inclusion in the regular bill of charges transmitted to the applicant's customers.
- (b) Separate mailing to each of the applicant's customers.
- (c) Prominent presentation in one or more forms of the media, including newspapers, television and radio, so that the notice will likely reach the applicant's customers.

3. At or before the hearing, the applicant must submit a verified statement to the Commission that the notice required in subsection 2 has been given. The statement must:

- (a) Set forth the means by which, and the dates and times when, the notice was mailed, published or broadcast; and

(b) Include, as an attachment, a copy of the notice as mailed, published or transcribed.

4. *An electric utility shall, for each quarterly rate adjustment, provide:*

(a) Notice to the Commission pursuant to the provisions of paragraph (a) of subsection 9 of NRS 704.110, including, without limitation:

(1) A copy of the notice of the quarterly rate adjustment that the electric utility will provide to its customers;

(2) Supporting information for all amounts shown in the notice of the quarterly rate adjustment that the electric utility will provide to its customers;

(3) The calculations supporting the change in its base tariff energy rate; and

(4) The tariff sheets reflecting the quarterly rate adjustment;

(b) Notice to its customers as required pursuant to the provisions of paragraph (b) of subsection 9 of NRS 704.110; and

(c) A copy of the notice provided pursuant to paragraph (a) to the Regulatory Operations Staff of the Commission and to the Bureau of Consumer Protection in the Office of the Attorney General.

5. A gas utility that is authorized to make quarterly rate adjustments shall, for each quarterly rate adjustment, provide:

(a) Notice to the Commission pursuant to the provisions of paragraph (a) of subsection 8 of NRS 704.110, including, without limitation:

(1) A copy of the notice of the quarterly rate adjustment that the gas utility will provide to its customers;

(2) Supporting information for all amounts shown in the notice of the quarterly rate adjustment that the gas utility will provide to its customers; and

- (3) The calculations supporting the change in its base tariff energy rate;
- (b) Notice to its customers as required pursuant to the provisions of paragraph (b) of subsection 8 of NRS 704.110; and
- (c) A copy of the notice provided pursuant to paragraph (a) to the Regulatory Operations Staff of the Commission and to the Bureau of Consumer Protection in the Office of the Attorney General.

Sec. 13. NAC 704.120 is hereby amended to read as follows:

704.120 1. The Commission hereby adopts by reference from the Uniform System of Accounts of the Federal Energy Regulatory Commission those accounts enumerated in this section as FERC accounts. These accounts are contained in 18 C.F.R. Parts 101 and 201, and the volume of the Code of Federal Regulations containing these ~~[parts]~~ *Parts* may be purchased from the Superintendent of Documents, United States Government Printing Office, P.O. Box 371954, Pittsburgh, Pennsylvania 15250-7954, or toll-free at (866) 512-1800, for the price of ~~[\$56.]~~ *\$62*, *or these Parts may be obtained free of charge on the Internet at <http://www.gpoaccess.gov/cfr/index.html>.*

- 2. The following accounts are hereby adopted:
 - (a) Fuel for electric generation, FERC Account Nos. 501 and 547.
 - (b) Purchased power, FERC Account No. 555.
 - (c) Transmission of electricity by others, FERC Account No. 565.
 - (d) Income tax accounts, electric and gas, FERC Account Nos. 190, 236, 283, 409.1, 410.1 and 411.1.
 - (e) Gas for resale, FERC Account Nos. 728, 755, 760, 777, 800 to 809.2, inclusive, 811, 812 and 858.

- (f) Purchased gas cost adjustments, FERC Account No. 805.1.
- (g) Unrecovered purchased gas costs, FERC Account No. 191.
- (h) Interest and dividend income, FERC Account No. 419.
- (i) ~~[[Miscellaneous deferred debits,]]~~ *Other Regulatory Assets*, electric, FERC Account No.

~~[[86.]]~~ *182.3.*

- (j) Other expenses, FERC Account No. 557.

Sec. 14. NAC 704.145 is hereby amended to read as follows:

704.145 1. FERC Account Nos. ~~[[86.]]~~ *182.3* and 557 must be used in Nevada jurisdictional electric operations for deferred energy accounting to record monthly entries in the manner prescribed in NAC 704.101 and 704.105.

2. FERC Account Nos. 191 and 805.1 must be used in Nevada jurisdictional gas operations to record the monthly entries in the manner prescribed in NAC 704.101 and 704.105.

3. The contra entries to the deferred energy accounts referred to in subsections 1 and 2 must be made to FERC Account No. 557, for electric cost differentials, and FERC Account No. 805.1, for gas cost differentials.

4. The income tax effect applicable to the debit and credit entries to the deferred energy accounts set forth in NAC 704.023 to 704.195, inclusive, must be recorded in the following

FERC accounts:

- (a) FERC Account No. 410.1 - Provision for deferred income taxes, utility operating income.
- (b) FERC Account No. 283 - Accumulated deferred income taxes, other.

- (c) FERC Account No. 411.1 - Provision for deferred income taxes, credit, utility operating income.
- (d) FERC Account No. 190 - Accumulated deferred income taxes.
- (e) FERC Account No. 409.1 - Income taxes, utility operating income.
- (f) FERC Account No. 236 - Taxes accrued.

↳ These accounts must be maintained by test period so as to separate the income tax effect between electric and gas operations. The accounts must be maintained in a manner consistent with FERC Account No. 191, for gas operations, and FERC Account No. ~~186.1~~ 182.3, for electric operations.

Sec. 15. NAC 704.150 is hereby amended to read as follows:

704.150 1. Except as otherwise provided in subsection 3, a carrying charge must be computed on the current debit or credit balance at the end of each month in FERC Account No. ~~186.1~~ 182.3, for electric operations, or FERC Account No. 191, for gas operations, and must be respectively debited or credited to the account at the rate of one-twelfth of the overall rate of return as authorized by the Commission for the particular department or division of the electric utility or gas utility. The rate of the carrying charge must be applied to the entire balance in FERC Account No. ~~186.1~~ 182.3, for electric operations, or FERC Account No. 191, for gas operations.

2. The contra entries for the carrying charge must be made to FERC Account No. 419, for gas operations.

3. If, in any month, the Nevada jurisdictional earned rate of return for an operating department of the electric utility or gas utility for the test period exceeds the overall rate of return

last authorized by the Commission for that department, and if the monthly balance in FERC Account No. ~~186,~~ **182.3**, for electric operations, or FERC Account No. 191, for gas operations, is a debit, an adjustment amount will be calculated equal to the amount which exceeds the utility's last authorized rate of return. Carrying charges may accrue only on that portion of the debit balance which exceeds the adjustment amount.

Sec. 16. NAC 704.323 is hereby amended to read as follows:

704.323 1. A utility shall send to each of its customers a statement containing a clear and concise explanation of its existing rate schedules which are applicable to the customer. The statement must be sent to each customer:

- (a) At the time ~~he~~ **the customer** makes application for service; and
- (b) In the next bill sent to ~~him~~ **the customer** after any change *applicable to that customer* is made in a rate schedule ~~[applicable to him.]~~, *except for quarterly rate adjustments for which notice was provided pursuant to subsection 4 or 5 of NAC 704.118.*

2. On each residential and small commercial customer's bill, a utility shall include a formula which the customer may use for calculating the amount of the bill. If more than one rate is applicable to a customer during any billing period, the rate used in the formula must be a weighted average of those rates. For the purposes of this subsection, "weighted average" means an average of the applicable rates during a billing period, calculated according to the number of days each rate is in effect.

3. Each utility, at the request of a customer, shall send ~~him~~ **the customer** a clear and concise statement of ~~his~~ **the customer's** actual consumption of gas or electric energy for each billing period during the prior year at the location where service is provided.

Sec. 17. Section 4 of LCB File No. R202-05, which was adopted by the Public Utilities Commission of Nevada and which was filed with the Secretary of State on November 13, 2006, is hereby amended to read as follows:

Sec. 4. “Quarterly rate adjustment” means a quarterly adjustment to the base tariff energy rate of ~~fa~~:

1. An electric utility for purchased fuel or power based on changes in the utility’s recorded energy costs; or

2. A gas utility based on changes in the utility’s recorded costs of natural gas purchased for resale.

Sec. 18. NAC 704.130 is hereby repealed.

TEXT OF REPEALED SECTION

704.130 Calculation of forecasted and historic base tariff energy rate and recommendation of preferred base tariff energy rate: Electric. (NRS 703.025, 704.187, 704.210)

1. An electric utility shall, pursuant to subsections 2 and 3, calculate a forecasted and a historic base tariff energy rate (BTER) for fuel for electric generation and for purchased power and recommend its preferred base tariff energy rate to the Commission.

2. The electric utility shall calculate a forecasted base tariff energy rate based on the period during which the base tariff energy rate is anticipated to be in effect, using an appropriate production cost model, sales forecast and fuel and purchased power cost forecast.

3. The electric utility shall calculate a historic base tariff energy rate based on the following formula:

Where:

MG = Units of fuel used for the test period by each generating station for each type of fuel used.

UG = The latest experienced unit cost, for a reasonably significant volume purchased, for each type of fuel used in each generating station.

FG = Other latest known costs associated with fuel used in electric generation as enumerated in the accounts specified in paragraph (a) of subsection 2 of NAC 704.120.

PPF = Total megawatt-hours purchased under firm obligation and net associated interchanged power for the test period.

UPF = The latest experienced unit energy costs for firm power and associated net interchanged power from each supplier.

PPN = Total megawatt-hours purchased under nonfirm sales and associated net interchange power for the test period.

UPN = The average weighted cost for nonfirm power and associated net interchange power purchased during the test period (recorded cost).

FP = Fixed costs associated with the purchase and net interchange of power as may be enumerated in the account specified in paragraph (b) of subsection 2 of NAC 704.120.

T = Total sales of megawatt-hours which have been sold, exclusive of nonfirm sales, for the test period.

Then:

$$((MG \times UG) + FG) + ((PPF \times UPF) + (PPN \times UPN) + FP)$$

$$BTER = \frac{\quad}{\quad}$$

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NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R071-07
Docket No. 07-06028

The Public Utilities Commission of Nevada adopted regulations assigned LCB File No. R071-07 which pertain to chapters 703 and 704 of the Nevada Administrative Code on September 26, 2007.

INFORMATIONAL STATEMENT

1. A description of how public comment was solicited, a summary of public response, and explanation how other interested persons may obtain a copy of the summary.

Copies of the proposed regulations, notice of intent to act upon the regulation and notice of workshop and hearing were sent by U.S. mail and email to persons who were known to have an interest in the subjects of quarterly rate adjustments and annual deferred energy accounting adjustments and other related utility matters. These documents were also made available at the website of the Public Utilities Commission of Nevada (“PUCN”), <http://pucweb1.state.nv.us/PUCN/>, mailed to all county libraries in Nevada, published in the following newspapers:

Elko Daily Free Press
Las Vegas Review Journal
Nevada Appeal
Reno Gazette Journal
Tonopah Times-Bonanza

and posted at the following locations:

Public Utilities Commission
1150 East William Street
Carson City, Nevada 89701

Public Utilities Commission
101 Convention Center Drive, Suite 250
Las Vegas, Nevada 89109

First Judicial District Court
885 East Musser Street
Carson City, Nevada 89701

Eighth Judicial District Court
Regional Justice Center
200 Lewis Avenue
Las Vegas, Nevada 89155

The comments in this matter were submitted in writing and heard during the workshop and the hearing. The discussions during the workshop and the hearing focused on the calculation of the Base Tariff Energy Rates (“BTER”) and the required form and documentation for noticing and filing quarterly reports. The attendees submitted consensus language regarding BTER calculations. Sierra Pacific Power Company/Nevada Power Company spoke regarding details of the form of the filings and customer noticing. Staff spoke regarding documentation to be provided by the utility if the form of filing is a Notice rather than Application or Advice letter.

Copies of all documents filed in this matter, including this summary, are available at www.puc.state.nv.us on the Commission's website or at the offices of the Commission, at 1150 East William Street, Carson City, Nevada 89701 and 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109.

2. The number of persons who: (a) attended each hearing; (b) testified at each hearing; and (c) submitted to the agency written statement.

a. Attendees

i. Workshop, August 28, 2007,

1. Commission's Regulatory Operations Staff ("Staff")
2. Office of Attorney General Bureau of Consumer Protection ("BCP")
3. Sierra Pacific Power Company ("SPPC") and Nevada Power Company ("NPC")
4. Southwest Gas ("SWG")

ii. Hearing, September 17, 2007

1. Staff
2. BCP
3. SPPC and NPC

b. Testimony

No formal testimony was offered in this matter. The above noted attendees participated in the workshop and/or hearing.

c. Written statements

On September 10, 2007, SPPC and NPC, BCP and Staff each filed comments in Docket No. 07-06028.

3. A description of how comment was solicited from affected businesses, a summary of their response and an explanation how other interested persons may obtain a copy of the summary.

Comments were solicited from affected businesses in the same manner as they were solicited from the public as outlined in response #1.

4. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

The regulation adopted on September 26, 2007, reflects changes from the original proposed regulation made during the workshop and/or hearing.

5. The estimated economic effect of the adopted regulation on the businesses which it is to regulate and on the public. These must be stated separately, and each case must include:

(a) Both adverse and beneficial effects;

The proposed regulations potentially affect all regulated electric and gas utilities, as well as the customers of such entities. At this time, the Commission cannot quantify

either the adverse or beneficial economic effects on these utilities, either immediate or long-term, which may result from the proposed regulations. However, the proposed amendments may reduce deferred energy amortization for both electric and gas utilities.

At this time the Commission cannot quantify either the adverse or beneficial economic effects on the public as a whole, either immediate or long-term, which may result from the proposed regulations. However, in the short term, all electric and gas customers, including small businesses, may experience more frequent rate adjustments. The expected long-term effect is that all electric and gas customers will experience less energy price volatility.

(b) Both immediate and long-term effects.

See response to #5(a).

6. The estimated cost to the agency for enforcement of the adopted regulation.

The Commission at this time is unsure if there will be any increased costs associated with enforcement of these proposed regulations.

7. A description of any regulation of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

These regulations do not overlap or duplicate any federal, state, or local regulations.

8. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.

These regulations do not overlap or duplicate any federal, state, or local regulations.

9. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

These regulations do not establish any new fee or increase an existing fee.

10. Is the proposed regulation is likely to impose a direct and significant economic burden upon a small business or directly restrict the formation, operation or expansion of a small business? What methods did the agency use in determining the impact of the regulation on a small business?

The PUCN determined that the regulation does not impose a direct and significant burden on small businesses or directly restrict the formation, operation or expansion of a small business in Nevada. In making this determination, the PUCN adopted the findings of the Staff. The methodology used by the PUCN and its Staff to determine the impact of

proposed regulations on small businesses is called the Delphi Method. The Delphi Method is a systematic, interactive, forecasting method based on independent inputs of selected Staff experts who form a consensus opinion as to the likely impact of the regulation on small businesses and the public.

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Investigation and rulemaking to adopt, amend, or repeal)
regulations pertaining to Chapters 703 and 704 of the)
Nevada Administrative Code regarding quarterly rate)
adjustments and annual deferred energy accounting) Docket No. 07-06028
adjustments and other related utility matters in accordance)
with Senate Bill 437.)
_____)

At a general session of the Public Utilities
Commission of Nevada, held at its offices
on September 26, 2007.

PRESENT: Chairman Jo Ann P. Kelly
Commissioner Rebecca D. Wagner
Commissioner Sam A. Thompson
Assistant Commission Secretary Donna Skau

ORDER ADOPTING REGULATIONS

The Public Utilities Commission of Nevada (“Commission”) makes the following
findings of fact and conclusions of law:

1. On June 6, 2007, the Commission voted to open an investigation and rulemaking
to adopt, amend or repeal regulations pertaining to Nevada Administrative Code (“NAC”)
Chapters 703 and 704 regarding quarterly rate adjustments and annual deferred energy
accounting adjustments and other related utility matters in accordance with Senate Bill 437. This
matter has been designated by the Commission as Docket No. 07-06028.

2. This matter is being conducted by the Commission pursuant to the Nevada
Revised Statutes (“NRS”) and the NAC, Chapters 233B, 703, and 704, including but not limited
to NRS 704.210.

3. On July 17, 2007, the Commission issued a Notice of Investigation and
Rulemaking and Notice of Workshop in Docket No. 07-06028 in accordance with state law and

the Commission's rules of practice and procedure.

4. On July 17, 2007, the Presiding Officer issued a Procedural Order directing the Regulatory Operations Staff ("Staff") of the Commission to conduct a small business impact assessment in accordance with NRS 233B.0608(1).

5. On August 15, 2007, the Commission issued an Order that found that the proposed regulation in Docket No. 07-06028 does not impose a direct or significant economic burden upon small businesses, nor does it directly restrict the formation, operation, or expansion of a small business.

6. On August 22, 2007, the Presiding Officer issued a Notice of Intent to Act Upon a Regulation, and Notice of Hearing for the Adoption, Amendment, or Repeal of Regulations of the Public Utilities Commission of Nevada in Docket No. 07-06028.

7. On August 28, 2007, the Commission held a duly noticed workshop in Docket No. 07-06028.

8. On September 10, 2007, Sierra Pacific Power Company and Nevada Power Company, the Attorney General's Bureau of Consumer Protection ("BCP"), and Staff each filed comments in Docket No. 07-06028.

9. On September 17, 2007, the Commission held a duly noticed hearing in Docket No. 07-06028.

10. During the hearing the Presiding Officer clarified that filings made pursuant to NRS 704.110, subsection 9, as amended by Senate Bill 437, Sec. 42 (2007 Session), should be in the form of a Notice with supporting documentation, rather than an Application or an Advice Letter. The Notice specified in the statute, with supporting documentation, is all that is required;

the adjustments reflected in the filings will be included and reviewed in an electric utility company's annual application for deferred energy accounting adjustment and considered in that proceeding.

11. The Commission finds that it is in the public interest to adopt the proposed regulations attached hereto and incorporated herein as Attachment 1 as permanent regulations.

THEREFORE, based on the foregoing, it is hereby ORDERED that:

1. The proposed regulations, attached hereto as Attachment 1 are ADOPTED as permanent regulations pursuant to NRS 233B.040 and 233B.060.

2. The Commission retains jurisdiction for the purpose of correcting any errors that may have occurred in the drafting of this Order.

By the Commission,

JO ANN P. KELLY, Chairman and
Presiding Officer

REBECCA D. WAGNER, Commissioner

SAM A. THOMPSON, Commissioner

Attest: _____
CRYSTAL JACKSON, Commission Secretary

Dated: Carson City, Nevada

(SEAL)