

Chapter 704 of NAC

LCB File No. T031-07

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

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Investigation and rulemaking to amend NAC 704.150,)
including but not limited to the computation of carrying)
charges on deferred energy balances and a revision for the) Docket No. 07-01010
accumulated deferred income tax offset.)
_____)

**NOTICE OF INTENT TO AMEND/ADOPT/REPEAL REGULATIONS,
NOTICE OF WORKSHOP,
AND NOTICE OF HEARING**

Pursuant to the Nevada Administrative Procedure, Nevada Revised Statutes ("NRS") 233B.010 *et seq.*, including but not limited to NRS 233B.060, .0603, .061 and .063, NOTICE IS HEREBY GIVEN that the Public Utilities Commission of Nevada ("Commission") has opened this rulemaking docket in order to adopt, amend, or repeal Commission regulations regarding Nevada Administrative Code ("NAC") 704.150 which addresses carrying charges for deferred accounting by certain electric and gas utilities. This Investigation/Rulemaking has been designated by the Commission as Docket No. 07-01010.

The Commission, pursuant to NRS 233B.061(2), will hold a public WORKSHOP in this matter as follows:

Tuesday, July 10, 2007
1:00 P.M.
Hearing Room A
Public Utilities Commission of Nevada
1150 E. William Street
Carson City, Nevada 89701

VIA VIDEOCONFERENCE TO:
Hearing Room A
Public Utilities Commission of Nevada
101 Convention Center Drive, Suite 250
Las Vegas, Nevada 89109

at which time interested persons may appear and be heard. The workshop may continue from day to day as necessary. The purpose of this workshop is to receive comments from all interested persons regarding amendments to the foregoing regulations.

NOTICE IS HEREBY GIVEN that the Commission will also hold a HEARING

Wednesday, July 11, 2007
11:00 a.m.
Hearing Room A
Public Utilities Commission of Nevada
1150 E. William Street
Carson City, Nevada 89701

VIA VIDEOCONFERENCE TO:
Hearing Room A
Public Utilities Commission of Nevada
101 Convention Center Drive, Suite 250
Las Vegas, Nevada 89109

The hearing may continue from day to day as necessary. The Commission may hear comments from interested persons regarding the proposed regulations. The Commission may also consider other issues related to the provisions of Chapter 233B, 703 and 704 of NRS and the NAC, as well as make decisions on procedural issues raised at the hearing. The Commission may also take any such other actions as it deems appropriate under the circumstances.

The following information is provided pursuant to the requirements of NRS 233B.0603:

On December 12, 2006 the Attorney General's Bureau of Consumer Protection ("BCP") filed a Petition for Rulemaking with the Commission proposing three amendments to the existing Commission carrying charges regulation, Nevada Administrative Code 704.150. During the January 8, 2007 agenda meeting, the Commission voted to grant the petition and open an

investigation/rulemaking to determine what, if any, amendments should be made to this regulation.

The methodology used by Staff is a simplified Delphi method. This method utilizes a consensus among chosen Staff participants as to the likely impacts of the regulation on small businesses and the public.

The proposed regulations potentially affect all entities that offer or will offer natural gas service, as well as the customers of such entities. At this time, the Commission cannot quantify either the adverse or beneficial economic effects on the entities affected by the regulation or the public, either immediate or long-term, which may result from the regulation.

The Commission at this time is unsure if there will be any increased costs associated with enforcement of these proposed regulations. These regulations do not overlap or duplicate any federal, state, or local regulations, nor do they establish any new fee or increase an existing fee.

Pursuant to NRS 233B.061(1), persons wishing to comment upon the proposed action of the Commission may appear at the scheduled public workshop and/or as well as address their comments, data, views, or arguments, in written form, to the Secretary of the Commission, 1150 East William Street, Carson City, Nevada 89701 or 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109. Written submissions to be discussed at the workshop and/or hearing must be received by the Commission **on or before Monday, July 2, 2007**. 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 attached proposed regulations 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 proposed regulations will be

available at the offices of the Commission, at 1150 East William Street, Carson City, Nevada 89701 or 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109; 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 regulations 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 regulations 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 agency, 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 reason for overruling the consideration urged against its adoption.

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

By the Commission,

CRYSTAL JACKSON, Commission Secretary

Dated: Carson City, Nevada

(SEAL)

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PUBLIC UTILITIES COMMISSION**

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

NAC 704.150 Carrying charges

1. Except as otherwise provided in subsection 3, a carrying charge must be computed on the current *average monthly* debit or credit balance ~~{at the end of each month}~~ in FERC Account No. 186, 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 *adjusted for federal income taxes*. The rate of the carrying charge must be applied to the entire balance in FERC Account No. 186, for electric operations, or FERC Account No. 191, for gas operations, *net of applicable accumulated deferred income taxes*.

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

3. If, in any *quarter* ~~{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 *average quarterly* ~~{monthly}~~ balance in FERC Account No. 186, 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.

