

Chapter 704 of NAC

LCB File No. T004-08

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

**Docket No. 07-06046—Phase II**

August 25, 2008

Explanation- Matter in *italics* is new; matter in ~~strikethrough~~ is material to be omitted.

**Sec. 1 NAC 704.953 Definitions.** As used in NAC 704.953 to ~~[704.973]~~ 704.\_\_\_\_, *inclusive, sections 2 to 5, inclusive, of the regulations in LCB File No. R150-06, sections 2 to 13, inclusive, of Phase I of this regulation, and sections 2 to 12, inclusive, of Phase II of this regulation* unless the context otherwise requires, the words and terms defined in NAC ~~[704.9535 to 704.9605,]~~ 704.054 to 704.\_\_\_\_, *sections 2 to 4, inclusive, of the regulations in LCB File No. R150-06, sections 2 to \_\_, inclusive, of Phase I of this regulation, and sections 2 to 9 of Phase II of this regulation [inclusive.]* have the meanings ascribed to them in those sections.

**Sec. 2 “Base Tariff General Rate” defined.** *“Base Tariff General Rate” means the rate determined to collect all revenues except those collected pursuant to NAC 704.032, NAC 704.037, and Sections 12 and 13 of Phase II of this regulation.*

**Sec. 3 “Conservation and Energy Efficiency Decoupling Methodology” defined.** *“Conservation and Energy Efficiency Decoupling Methodology” means the mechanism established pursuant to Section \_\_\_\_ to allow the gas utility to recover the Base Tariff General Rate revenues directly attributed to the implementation of a Commission accepted conservation and energy efficiency program pursuant to Section \_\_\_\_.*

**Sec. 4 “Customer class” defined.** *“Customer class” means the customer class categories in the rate schedules under the gas utility’s Nevada tariff.*

**Sec. 5 “Initial estimate of lost revenues” defined.** *“Initial estimate of lost revenues” means the estimate of lost revenues for a forthcoming year for each conservation and energy efficiency program accepted in the Conservation and Energy Efficiency Plan, or as revised in*

*the approved Annual Conservation and Energy Efficiency Plan Report filed pursuant to Section \_\_\_\_.*

**Sec. 6** *“Lost revenues” defined. “Lost revenues” means those Base Tariff General Rate revenues not collected by a utility during a tracking period which can be directly attributed to the implementation of a Commission accepted conservation and energy efficiency program.*

**Sec. 7** *“Lost revenues rate” defined. “Lost revenues rate” means those customer charges associated with lost revenues as defined in Section 6 and adjusted annually pursuant to Section \_\_\_\_.*

**Sec. 8** *“Revised estimate of lost revenues” defined. “Revised estimate of lost revenues” means the estimate of lost revenues for the completed tracking period for each program accepted in either the Conservation and Energy Efficiency Plan or the Annual Conservation and Energy Efficiency Plan Report.*

**Sec. 9** *“Tracking period” defined. “Tracking period” means the first full 12-month period following the implementation of the most recently authorized general rates, and each 12-month period thereafter.*

**Sec. 10** *Conservation and Energy Efficiency Decoupling Methodology Request.*

*1. A gas utility seeking Commission approval to implement conservation and energy efficiency programs shall file a request for rate recovery by the conservation and energy efficiency decoupling methodology with the Commission as part of a general rate application pursuant to NRS 704.110. The gas utility must apply the approved conservation and energy efficiency decoupling methodology to all customer classes, excluding customers served under negotiated agreements.*

*2. As part of its general rate case application request to implement the conservation and energy efficiency decoupling methodology, the gas utility shall conduct appropriate qualitative and quantitative market research studies of its customers, to assess the ramifications and the level of customer acceptance of decoupling. The gas utility must request the participation of the Regulatory Staff of the Public Utilities Commission and the Attorney General's Bureau of Consumer Protection in the design of these studies and in determination of a level of customer acceptance.*

*3. The result of the customer acceptance studies will be used in conjunction with other information to develop and prepare the billing information to disclose the lost revenue rate*

*and deferred decoupling surcharge associated with the conservation and energy efficiency decoupling methodology and to describe outreach programs. The gas utility shall develop such outreach programs in consultation with the Regulatory Staff of the Public Utilities Commission and the Attorney General's Bureau of Consumer Protection.*

*4. In its consideration of the conservation and energy efficiency decoupling methodology request the Commission shall seek to harmonize the incentives of conservation and energy efficiency decoupling methodology with the company's rate design.*

*5. The initial estimate of lost revenues associated with each customer class of a utility shall be established in the general rate application proceeding in which a utility files its request for rate recovery by the conservation and energy efficiency decoupling methodology.*

*6. The conservation decoupling rate will reimburse the gas utility for its lost revenues which are directly attributable to the conservation and energy efficiency programs implemented by the gas utility during the tracking period.*

*7. If a gas utility receives Commission approval for rate recovery by the conservation and energy efficiency decoupling methodology pursuant to this section, it shall continue to use that methodology for a minimum of three years. In order to discontinue the methodology, the gas utility must file its request to discontinue the methodology as part of a general rate application filed pursuant to NRS 704.110.*

#### **Sec. 11 Conservation Decoupling Lost Revenues Rate**

*1. The gas utility authorized to use the conservation decoupling methodology shall recover its lost revenues by applying a per therm lost revenue rate for each applicable customer class. The conservation decoupling lost revenues rate shall remain in effect until changed by the Commission.*

*2. The conservation decoupling lost revenues rate shall be adjusted annually in the Conservation and Energy Efficiency Plan or in the Annual Conservation and Energy Efficiency Plan Report.*

*3. The conservation decoupling lost revenues rate shall be calculated as follows:*  
*(a) The conservation decoupling lost revenues rate shall be calculated for each customer class and collected on a per therm basis using the most recent of either the initial estimate of lost revenues associated with that customer class as established in the general rate*

*application filed pursuant to NRS 704.110, the Conservation and Energy Efficiency Plan, or a subsequent Annual Conservation and Energy Efficiency Plan Report.*

*(b) The Commission accepted initial estimate of lost revenues shall be divided by the therms sold for each applicable customer class. The initial therm sales shall be those approved in the general rate case application filed pursuant to NRS 704.110. Subsequent therm sales shall be those reported for the completed tracking period as provided in the most recent of either the Conservation and Energy Efficiency Plan or the Annual Conservation and Energy Efficiency Plan Report.*

**Sec. 12 Deferred Lost Revenues Surcharge**

*1. The gas utility authorized to use the conservation decoupling methodology shall recover its deferred lost revenues by applying a per therm deferred lost revenue surcharge for each applicable customer class. The deferred lost revenues surcharge shall remain in effect until changed by the Commission.*

*2. The deferred lost revenues surcharge shall be adjusted annually in either the Conservation and Energy Efficiency Plan or the Annual Conservation and Energy Efficiency Plan Report.*

*3. The proposed deferred lost revenues surcharge shall be accounted for and collected for each customer class as follows:*

*(a) Deferred lost revenues shall be recorded in a sub-account of Account No. 182.3.*

*(b) Deferred lost revenues means the difference between the revised estimate of lost revenues less revenues collected through the lost revenues rate for the tracking period for each conservation and energy efficiency program in total and by customer class.*

*(c) Revenues collected or refunded by the deferred lost revenue surcharge shall be recorded in the deferred lost revenues sub-account of Account No. 182.3.*

*(d) The amount recorded in the sub-account to Account No. 182.3 shall accrue a carrying charge pursuant to NAC 704.150.*

*(e) The deferred lost revenue surcharge shall be calculated by dividing the deferred lost revenue sub account of Account No. 182.3 balance at the end of the tracking period by the therm sales reported for the tracking period provided in the Conservation and Energy Efficiency Plan or the Annual Conservation and Energy Efficiency Plan Report.*