

SENATE BILL NO. 256—COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF THE PUBLIC UTILITIES COMMISSION)

MARCH 22, 2005

Referred to Committee on Commerce and Labor

SUMMARY—Revises certain provisions relating to regulation of public utilities. (BDR 58-655)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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

AN ACT relating to public utilities; revising certain provisions relating to the regulation of public utilities; changing the date on which the Public Utilities Commission of Nevada must mail certain report forms to public utilities and other regulated entities; revising certain provisions relating to consumer sessions; revising certain provisions relating to changes in rates and schedules; revising the period within which the Commission must take action on certain applications; revising the period within which an electric utility must file a general rate application; revising the period within which an electric utility must file an application to clear its deferred accounts; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law requires the Public Utilities Commission of Nevada to mail
2 reporting forms to public utilities and other providers on or before June 1 of each
3 year. The reporting forms are used by the utilities and providers to disclose
4 information regarding gross operating revenue, and that information is used by the
5 Commission to calculate the annual assessment levied on such revenue. (NRS
6 704.033, 704.035)
7 This bill requires the Commission to mail the reporting forms to the utilities
8 and providers on or before June 15 of each year.
9 Existing law requires the Commission to hold consumer sessions concerning
10 certain rate applications filed by public utilities. This requirement does not apply to



rate applications where the utility's annual gross operating revenue will increase by no more than \$50,000 or 10 percent, whichever amount is less. (NRS 704.069)

Under this bill, the Commission will not have to hold consumer sessions for rate applications where the utility's annual gross operating revenue will increase by no more than \$100,000 or 10 percent, whichever amount is less.

Existing law allows the Commission to dispense with a hearing regarding certain changes in telephone rates where the utility's annual gross operating revenue will increase by no more than \$50,000 or 10 percent, whichever amount is less. (NRS 704.100)

Under this bill, the Commission may dispense with a hearing regarding certain changes in telephone rates where the utility's annual gross operating revenue will increase by no more than \$100,000 or 10 percent, whichever amount is less.

Existing law requires the Commission to approve or disapprove certain rate applications filed by public utilities within 180 days after the application is filed. (NRS 704.110)

Under this bill, the Commission is generally required to approve or disapprove rate applications filed by public utilities within 240 days after the application is filed. However, for certain public utilities that provide local telephone service, the period for approval or disapproval remains at 180 days.

Existing law requires certain electric utilities to file general rate applications at least once every 24 months. (NRS 704.110)

This bill establishes a specific schedule for those electric utilities to file general rate applications. An electric utility that primarily serves less densely populated counties must file a general rate application on or before October 3, 2005, and at least once every 24 months thereafter, and an electric utility that primarily serves densely populated counties must file a general rate application on or before November 15, 2006, and at least once every 24 months thereafter.

Existing law requires an electric utility using deferred accounting to file annual applications to clear its deferred accounts, unless certain conditions are met which authorize the electric utility to file a semiannual application. (NRS 704.187)

This bill establishes a specific schedule for those electric utilities to file their annual applications. An electric utility that primarily serves less densely populated counties must file an annual application to clear its deferred accounts in December of each year, and an electric utility that primarily serves densely populated counties must file an annual application to clear its deferred accounts in January of each year.

This bill also provides that an electric utility using deferred accounting may elect not to file an annual application to clear its deferred accounts if the net change in revenues necessary to clear its deferred accounts for the reported period is less than 2.5 percent of the total revenues generated from the electric utility's rates for purchased fuel and purchased power.

Finally, if an electric utility files an application to clear its deferred accounts and the electric utility proposes a substantial decrease in the base tariff energy rate most recently authorized by the Commission, this bill requires the Commission to consider information relating to rate design for the electric utility. This bill also authorizes the Commission to enter an order that adjusts the electric utility's rate design in that proceeding.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 704.035 is hereby amended to read as follows:

704.035 1. On or before June ~~14~~ **15** of each year, the Commission shall mail revenue report forms to all public utilities, providers of discretionary natural gas service and alternative sellers under its jurisdiction, to the address of those utilities, providers of discretionary natural gas service and alternative sellers on file with the Commission. The revenue report form serves as notice of the Commission's intent to assess such entities, but failure to notify any such entity does not invalidate the assessment with respect thereto.

2. Each public utility, provider of discretionary natural gas service and alternative seller subject to the provisions of NRS 704.033 shall complete the revenue report referred to in subsection 1, compute the assessment and return the completed revenue report to the Commission accompanied by payment of the assessment and any penalty due, pursuant to the provisions of subsection 5.

3. The assessment is due on July 1 of each year, but may, at the option of the public utility, provider of discretionary natural gas service and alternative seller, be paid quarterly on July 1, October 1, January 1 and April 1.

4. The assessment computed by the public utility, provider of discretionary natural gas service or alternative seller is subject to review and audit by the Commission, and the amount of the assessment may be adjusted by the Commission as a result of the audit and review.

5. Any public utility, provider of discretionary natural gas service or alternative seller failing to pay the assessment provided for in NRS 704.033 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 such assessment, a penalty of 1 percent of the total unpaid balance for each month or portion thereof that the assessment is delinquent, or \$10, whichever is greater, but no penalty may exceed \$1,000 for each delinquent payment.

6. When a public utility, provider of discretionary natural gas service or alternative seller sells, transfers or conveys substantially all of its assets or, if applicable, its certificate of public convenience and necessity, the Commission shall determine, levy and collect the accrued assessment for the current year not later than 30 days after the sale, transfer or conveyance, unless the transferee has assumed liability for the assessment. For purposes of this subsection, the jurisdiction of the Commission over the selling, transferring or conveying public utility, provider of discretionary natural gas



1 service or alternative seller continues until it has paid the
2 assessment.

3 7. The Commission may bring an appropriate action in its own
4 name for the collection of any assessment and penalty which is not
5 paid as provided in this section.

6 8. The Commission shall, upon collection, transfer to the
7 Account for the Consumer's Advocate that portion of the
8 assessments collected which belongs to the Consumer's Advocate.

9 **Sec. 2.** NRS 704.069 is hereby amended to read as follows:

10 704.069 1. The Commission shall conduct a consumer
11 session to solicit comments from the public in any matter pending
12 before the Commission pursuant to NRS 704.061 to 704.110,
13 inclusive, in which:

14 (a) A public utility has filed a general rate application, an
15 application to recover the increased cost of purchased fuel,
16 purchased power, or natural gas purchased for resale or an
17 application to clear its deferred accounts; and

18 (b) The changes proposed in the application will result in an
19 increase in annual gross operating revenue, as certified by the
20 applicant, in an amount that will exceed ~~[\$50,000]~~ **\$100,000** or 10
21 percent of the applicant's annual gross operating revenue, whichever
22 is less.

23 2. In addition to the case-specific consumer sessions required
24 by subsection 1, the Commission shall, during each calendar year,
25 conduct at least one general consumer session in the county with the
26 largest population in this State and at least one general consumer
27 session in the county with the second largest population in this
28 State. At each general consumer session, the Commission shall
29 solicit comments from the public on issues concerning public
30 utilities. Not later than 60 days after each general consumer session,
31 the Commission shall submit the record from the general consumer
32 session to the Legislative Commission.

33 **Sec. 3.** NRS 704.100 is hereby amended to read as follows:

34 704.100 Except as otherwise provided in NRS 704.075 and
35 704.68904 to 704.68984, inclusive, or as may otherwise be provided
36 by the Commission pursuant to NRS 704.095 or 704.097 or
37 pursuant to the regulations adopted by the Commission in
38 accordance with subsection 4 of NRS 704.040:

39 1. A public utility shall not make changes in any schedule,
40 unless the public utility:

41 (a) Files with the Commission an application to make the
42 proposed changes and the Commission approves the proposed
43 changes pursuant to NRS 704.110; or

44 (b) Files the proposed changes with the Commission using a
45 letter of advice in accordance with the provisions of subsection 4.



2. A public utility shall post copies of all proposed schedules and all new or amended schedules in the same offices and in substantially the same form, manner and places as required by NRS 704.070 for the posting of copies of schedules that are currently in force.

3. A public utility may not set forth as justification for a rate increase any items of expense or rate base that previously have been considered and disallowed by the Commission, unless those items are clearly identified in the application and new facts or considerations of policy for each item are advanced in the application to justify a reversal of the prior decision of the Commission.

4. Except as otherwise provided in subsection 5, if the proposed change in any schedule does not change any rate or will result in an increase in annual gross operating revenue, as certified by the public utility, in an amount that does not exceed \$2,500:

(a) The public utility may file the proposed change with the Commission using a letter of advice in lieu of filing an application; and

(b) The Commission shall determine whether it should dispense with a hearing regarding the proposed change.

5. If the applicant is a public utility furnishing telephone service and the proposed change in any schedule will result in an increase in annual gross operating revenue, as certified by the applicant, in an amount that does not exceed ~~[\$50,000]~~ \$100,000 or 10 percent of the applicant's annual gross operating revenue, whichever is less, the Commission shall determine whether it should dispense with a hearing regarding the proposed change.

6. In making the determination pursuant to subsection 4 or 5, the Commission shall first consider all timely written protests, any presentation that the Regulatory Operations Staff of the Commission may desire to present, the application of the public utility and any other matters deemed relevant by the Commission.

Sec. 4. NRS 704.110 is hereby amended to read as follows:

704.110 Except as otherwise provided in NRS 704.075 and 704.68904 to 704.68984, inclusive, or as may otherwise be provided by the Commission pursuant to NRS 704.095 or 704.097 or pursuant to the regulations adopted by the Commission in accordance with subsection 4 of NRS 704.040:

1. If a public utility files with the Commission an application to make changes in any schedule, including, without limitation, changes that will result in a discontinuance, modification or restriction of service, the Commission shall investigate the propriety of the proposed changes to determine whether to approve or disapprove the proposed changes. If an electric utility files such an



1 application and the application is a general rate application or an
2 application to clear its deferred accounts, the Consumer's Advocate
3 shall be deemed a party of record.

4 2. Except as otherwise provided in subsections 3 and ~~[11,]~~ 12,
5 if a public utility files with the Commission an application to make
6 changes in any schedule, ~~[not later than 180 days after the date on~~
7 ~~which the application is filed,]~~ the Commission shall issue a written
8 order approving or disapproving, in whole or in part, the proposed
9 changes ~~[]~~ :

10 (a) *For a public utility that is a PAR carrier, not later than 180*
11 *days after the date on which the application is filed; and*

12 (b) *For all other public utilities, not later than 240 days after*
13 *the date on which the application is filed.*

14 3. If a public utility files with the Commission a general rate
15 application, the public utility shall submit with its application a
16 statement showing the recorded results of revenues, expenses,
17 investments and costs of capital for its most recent 12 months for
18 which data were available when the application was prepared. In
19 determining whether to approve or disapprove any increased rates,
20 the Commission shall consider evidence in support of the increased
21 rates based upon actual recorded results of operations for the same
22 12 months, adjusted for increased revenues, any increased
23 investment in facilities, increased expenses for depreciation, certain
24 other operating expenses as approved by the Commission and
25 changes in the costs of securities which are known and are
26 measurable with reasonable accuracy at the time of filing and which
27 will become effective within 6 months after the last month of those
28 12 months, but the public utility shall not place into effect any
29 increased rates until the changes have been experienced and
30 certified by the public utility to the Commission and the
31 Commission has approved the increased rates. The Commission
32 shall also consider evidence supporting expenses for depreciation,
33 calculated on an annual basis, applicable to major components of the
34 public utility's plant placed into service during the recorded test
35 period or the period for certification as set forth in the application.
36 Adjustments to revenues, operating expenses and costs of securities
37 must be calculated on an annual basis. Within 90 days after the date
38 on which the certification required by this subsection is filed with
39 the Commission, or within ~~[180 days after the date on which the~~
40 ~~general rate application is filed with the Commission,]~~ *the period set*
41 *forth in subsection 2,* whichever time is longer, the Commission
42 shall make such order in reference to the increased rates as is
43 required by this chapter. An electric utility shall file a general rate
44 application pursuant to this subsection at least once every 24 months
45 ~~[]~~ *based on the following schedule:*



1 (a) *An electric utility that primarily serves less densely*
2 *populated counties shall file a general rate application on or*
3 *before October 3, 2005, and at least once every 24 months*
4 *thereafter.*

5 (b) *An electric utility that primarily serves densely populated*
6 *counties shall file a general rate application on or before*
7 *November 15, 2006, and at least once every 24 months thereafter.*

8 4. If a public utility files with the Commission an application to
9 make changes in any schedule and the Commission does not issue a
10 final written order regarding the proposed changes within the time
11 required by this section, the proposed changes shall be deemed to be
12 approved by the Commission.

13 5. If a public utility files with the Commission a general rate
14 application, the public utility shall not file with the Commission
15 another general rate application until all pending general rate
16 applications filed by that public utility have been decided by the
17 Commission unless, after application and hearing, the Commission
18 determines that a substantial financial emergency would exist if the
19 public utility is not permitted to file another general rate application
20 sooner. The provisions of this subsection do not prohibit the public
21 utility from filing with the Commission, while a general rate
22 application is pending, an application to recover the increased cost
23 of purchased fuel, purchased power, or natural gas purchased for
24 resale pursuant to subsection 6 or an application to clear its deferred
25 accounts pursuant to subsection 7, if the public utility is otherwise
26 authorized by those provisions to file such an application.

27 6. A public utility may file an application to recover the
28 increased cost of purchased fuel, purchased power, or natural gas
29 purchased for resale once every 30 days. The provisions of this
30 subsection do not apply to an electric utility using deferred
31 accounting pursuant to NRS 704.187.

32 7. Except as otherwise provided in subsection 8 and subsection
33 4 of NRS 704.100, if an electric utility using deferred accounting
34 pursuant to NRS 704.187 files an application to clear its deferred
35 accounts and to change one or more of its rates based upon changes
36 in the costs for purchased fuel or purchased power, the Commission,
37 after a public hearing and by an appropriate order:

38 (a) Shall allow the electric utility to clear its deferred accounts
39 by refunding any credit balance or recovering any debit balance
40 over a period not to exceed 3 years, as determined by the
41 Commission.

42 (b) Shall not allow the electric utility to recover any debit
43 balance, or portion thereof, in an amount that would result in a rate
44 of return during the period of recovery that exceeds the rate of



1 return authorized by the Commission in the most recently completed
2 rate proceeding for the electric utility.

3 8. Before allowing an electric utility to clear its deferred
4 accounts pursuant to subsection 7, the Commission shall determine
5 whether the costs for purchased fuel and purchased power that the
6 electric utility recorded in its deferred accounts are recoverable and
7 whether the revenues that the electric utility collected from
8 customers in this State for purchased fuel and purchased power are
9 properly recorded and credited in its deferred accounts. The
10 Commission shall not allow the electric utility to recover any costs
11 for purchased fuel and purchased power that were the result of any
12 practice or transaction that was undertaken, managed or performed
13 imprudently by the electric utility.

14 9. *If an electric utility files an application to clear its deferred*
15 *accounts pursuant to subsection 7 and the electric utility proposes*
16 *a substantial decrease in the base tariff energy rate authorized by*
17 *the Commission in the most recently completed rate proceeding*
18 *for the electric utility, the Commission:*

19 (a) *Shall consider information relating to rate design for the*
20 *electric utility; and*

21 (b) *May enter an order that adjusts the rate design for the*
22 *electric utility.*

23 10. If an electric utility files an application to clear its deferred
24 accounts pursuant to subsection 7 while a general rate application is
25 pending, the electric utility shall:

26 (a) Submit with its application to clear its deferred accounts
27 information relating to the cost of service and rate design; and

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

31 ~~H0.1~~ 11. A utility facility identified in a 3-year plan submitted
32 pursuant to NRS 704.741 and accepted by the Commission for
33 acquisition or construction pursuant to NRS 704.751 and the
34 regulations adopted pursuant thereto shall be deemed to be a prudent
35 investment. The utility may recover all just and reasonable costs of
36 planning and constructing such a facility.

37 ~~H1.1~~ 12. A PAR carrier may, in accordance with this section
38 and NRS 704.100, file with the Commission a request to approve or
39 change any schedule to provide volume or duration discounts to
40 rates for telecommunication service for an offering made to all or
41 any class of business customers. The Commission may conduct a
42 hearing relating to the request, which must occur within 45 days
43 after the date the request is filed with the Commission. The request
44 and schedule shall be deemed approved if the request and schedule



1 are not disapproved by the Commission within 60 days after the date
2 the Commission receives the request.

3 ~~{12.}~~ 13. As used in this section:

4 (a) "Electric utility" has the meaning ascribed to it in
5 NRS 704.187.

6 (b) *"Electric utility that primarily serves densely populated
7 counties" has the meaning ascribed to it in NRS 704.187.*

8 (c) *"Electric utility that primarily serves less densely populated
9 counties" has the meaning ascribed to it in NRS 704.187.*

10 (d) "PAR carrier" has the meaning ascribed to it in
11 NRS 704.68942.

12 **Sec. 5.** NRS 704.187 is hereby amended to read as follows:

13 704.187 1. Except as otherwise provided in section 36 of
14 chapter 16, Statutes of Nevada 2001, beginning on March 1, 2001,
15 an electric utility that purchases fuel or power shall use deferred
16 accounting by recording upon its books and records in deferred
17 accounts all increases and decreases in costs for purchased fuel and
18 purchased power that are prudently incurred by the electric utility.

19 2. An electric utility using deferred accounting shall include in
20 its annual report to the Commission a statement showing, for the
21 period of recovery, the allocated rate of return for each of its
22 operating departments in this State using deferred accounting. If,
23 during the period of recovery, the rate of return for any operating
24 department using deferred accounting is greater than the rate of
25 return authorized by the Commission in the most recently completed
26 rate proceeding for the electric utility, the Commission shall order
27 the electric utility that recovered costs for purchased fuel or
28 purchased power through its rates during the reported period to
29 transfer to the next energy adjustment period that portion of the
30 amount recovered by the electric utility that exceeds the authorized
31 rate of return.

32 3. Except as otherwise provided in ~~{subsection 4.}~~ *this section,*
33 an electric utility using deferred accounting shall file an *annual*
34 application to clear its deferred accounts ~~{after the end of each 12-~~
35 ~~month period of deferred accounting.}~~ *based on the following*
36 *schedule:*

37 (a) *An electric utility that primarily serves less densely*
38 *populated counties shall file an annual application to clear its*
39 *deferred accounts on December 1, 2005, and in December of each*
40 *year thereafter on a date specified by the Commission.*

41 (b) *An electric utility that primarily serves densely populated*
42 *counties shall file an annual application to clear its deferred*
43 *accounts on January 17, 2006, and in January of each year*
44 *thereafter on a date specified by the Commission.*



4. *An electric utility using deferred accounting may elect not to file an annual application to clear its deferred accounts if the net change in revenues necessary to clear its deferred accounts for the reported period is less than 2.5 percent of the total revenues generated by the electric utility during that period from its rates for purchased fuel and purchased power most recently authorized by the Commission.*

5. An electric utility using deferred accounting may file ~~an~~ a *semiannual* application to clear its deferred accounts ~~[after the end of a 6 month period of deferred accounting]~~ if the net ~~[increase or decrease]~~ *change* in revenues necessary to clear its deferred accounts for the ~~[6 month]~~ *reported* period is more than 5 percent of the total revenues generated by the electric utility during that period from its rates for purchased fuel and purchased power most recently authorized by the Commission.

~~[5. The Commission shall adopt regulations prescribing the period within which an electric utility must file an application to clear its deferred accounts after the end of a period of deferred accounting.]~~

6. As used in this section:

(a) "Application to clear its deferred accounts" means an application filed by an electric utility pursuant to this section and subsection 7 of NRS 704.110.

(b) "Costs for purchased fuel and purchased power" means all costs which are prudently incurred by an electric utility and which are required to purchase fuel, to purchase capacity and to purchase energy. The term does not include any costs that the Commission determines are not recoverable pursuant to subsection 8 of NRS 704.110.

(c) "Electric utility" means any public utility or successor in interest that:

(1) Is in the business of providing electric service to customers;

(2) Holds a certificate of public convenience and necessity issued or transferred pursuant to this chapter; and

(3) In the most recently completed calendar year or in any other calendar year within the 7 calendar years immediately preceding the most recently completed calendar year, had a gross operating revenue of \$250,000,000 or more in this State.

➤ The term does not include a cooperative association, nonprofit corporation, nonprofit association or provider of electric service which is declared to be a public utility pursuant to NRS 704.673 and which provides service only to its members.

(d) "Electric utility that primarily serves densely populated counties" means an electric utility that, with regard to the



1 *provision of electric service, derives more of its annual gross*
2 *operating revenue in this State from customers located in counties*
3 *whose population is 400,000 or more than it does from customers*
4 *located in counties whose population is less than 400,000.*

5 (e) *“Electric utility that primarily serves less densely populated*
6 *counties” means an electric utility that, with regard to the*
7 *provision of electric service, derives more of its annual gross*
8 *operating revenue in this State from customers located in counties*
9 *whose population is less than 400,000 than it does from customers*
10 *located in counties whose population is 400,000 or more.*

11 **Sec. 6.** Section 35 of chapter 16, Statutes of Nevada 2001, as
12 last amended by chapter 604, Statutes of Nevada 2001, at page
13 3269, is hereby amended to read as follows:

14 Sec. 35. Except as otherwise provided in section 36 of
15 this act and notwithstanding the provisions of any other
16 specific statute to the contrary:

17 1. An electric utility shall not file an application for a
18 fuel and purchased power rider on or after the effective date
19 of this act.

20 2. Each application for a fuel and purchased power rider
21 filed by an electric utility which is pending with the
22 commission on the effective date of this act and which the
23 electric utility did not place into effect before or on April 1,
24 2001, is void and unenforceable and is not valid for any
25 purpose after April 1, 2001.

26 3. If, before March 1, 2001, an electric utility incurred
27 any costs for fuel or purchased power, including, without
28 limitation, any costs for fuel or purchased power recorded or
29 carried on the books and records of the electric utility, and
30 those costs were not recovered or could not be recovered
31 pursuant to a fuel and purchased power rider placed into
32 effect by the electric utility before March 1, 2001, the electric
33 utility is not entitled, on or after March 1, 2001, to recover
34 any of those costs for fuel or purchased power from
35 customers, and the commission shall not allow the electric
36 utility to recover any of those costs for fuel or purchased
37 power from customers.

38 4. Except as otherwise provided in this section, on and
39 after the effective date of this act:

40 (a) The commission shall not take any further action on
41 the comprehensive energy plan, and each electric utility that
42 jointly filed the comprehensive energy plan shall be deemed
43 to have withdrawn the comprehensive energy plan;

44 (b) The rates that each electric utility placed into effect on
45 March 1, 2001, pursuant to the comprehensive energy plan



1 shall be deemed to be a component of the electric utility's
2 rates for fuel and purchased power; and

3 (c) The revenues for services provided by each electric
4 utility for the period of March 1, 2001, to March 31, 2001,
5 inclusive, from the rates that each electric utility placed into
6 effect on March 1, 2001, pursuant to the comprehensive
7 energy plan shall be deemed to be a credit in the electric
8 utility's deferred accounts.

9 5. On or before October 1, 2001, each electric utility that
10 primarily serves densely populated counties shall file a
11 general rate application pursuant to subsection 3 of NRS
12 704.110, as amended by this act and Assembly Bill No. 661
13 of this session. On or before December 1, 2001, each electric
14 utility that primarily serves densely populated counties shall
15 file an application to clear its deferred accounts pursuant to
16 subsection 7 of NRS 704.110, as amended by this act and
17 Assembly Bill No. 661 of this session. After such an electric
18 utility files the application to clear its deferred accounts, the
19 commission shall investigate and determine whether the rates
20 that the electric utility placed into effect on March 1, 2001,
21 pursuant to the comprehensive energy plan are just and
22 reasonable and reflect prudent business practices. On the date
23 on which the commission issues a final order on the general
24 rate application, the commission shall issue a final order on
25 the electric utility's application to clear its deferred accounts.
26 The total rates to provide electric service that were in effect
27 on April 1, 2001, for the electric utility must remain in effect
28 until the date on which the commission issues a final order on
29 the general rate application. The commission shall not adjust
30 the rates of the electric utility during this period unless such
31 an adjustment is absolutely necessary to avoid rates that are
32 confiscatory under the Constitution of the United States or the
33 constitution of this state. The commission:

34 (a) May make such an adjustment only to the extent that it
35 is absolutely necessary to avoid an unconstitutional result;
36 and

37 (b) Shall not, in any proceedings concerning such an
38 adjustment, approve any rate or grant any relief that is not
39 absolutely necessary to avoid an unconstitutional result.

40 ➡ After the electric utility files the general rate application
41 that is required by this subsection, the electric utility shall file
42 general rate applications in accordance with ~~subsection 3 of~~
43 ~~NRS 704.110, as amended by this act and Assembly Bill No.~~
44 ~~661 of this session.] chapter 704 of NRS.~~ After the electric
45 utility files the application to clear its deferred accounts that



1 is required by this subsection, the electric utility shall file
2 applications to clear its deferred accounts in accordance with
3 ~~[section 19 of this act and subsection 7 of NRS 704.110, as~~
4 ~~amended by this act and Assembly Bill No. 661 of this~~
5 ~~session.] chapter 704 of NRS.~~

6 6. On or before December 1, 2001, each electric utility
7 that primarily serves less densely populated counties shall file
8 a general rate application pursuant to subsection 3 of NRS
9 704.110, as amended by this act and Assembly Bill No. 661
10 of this session. On or before February 1, 2002, each electric
11 utility that primarily serves less densely populated counties
12 shall file an application to clear its deferred accounts pursuant
13 to subsection 7 of NRS 704.110, as amended by this act and
14 Assembly Bill No. 661 of this session. After such an electric
15 utility files the application to clear its deferred accounts, the
16 commission shall investigate and determine whether the rates
17 that the electric utility placed into effect on March 1, 2001,
18 pursuant to the comprehensive energy plan are just and
19 reasonable and reflect prudent business practices. On the date
20 on which the commission issues a final order on the general
21 rate application, the commission shall issue a final order on
22 the electric utility's application to clear its deferred accounts.
23 The total rates to provide electric service that were in effect
24 on April 1, 2001, for the electric utility must remain in effect
25 until the date on which the commission issues a final order on
26 the general rate application. The commission shall not adjust
27 the rates of the electric utility during this period unless such
28 an adjustment is absolutely necessary to avoid rates that are
29 confiscatory under the Constitution of the United States or the
30 constitution of this state. The commission:

31 (a) May make such an adjustment only to the extent that it
32 is absolutely necessary to avoid an unconstitutional result;
33 and

34 (b) Shall not, in any proceedings concerning such an
35 adjustment, approve any rate or grant any relief that is not
36 absolutely necessary to avoid an unconstitutional result.

37 ➤ After the electric utility files the general rate application
38 that is required by this subsection, the electric utility shall file
39 general rate applications in accordance with ~~[subsection 3 of~~
40 ~~NRS 704.110, as amended by this act and Assembly Bill No.~~
41 ~~661 of this session.] chapter 704 of NRS.~~ After the electric
42 utility files the application to clear its deferred accounts that
43 is required by this subsection, the electric utility shall file
44 applications to clear its deferred accounts in accordance with
45 ~~[section 19 of this act and subsection 7 of NRS 704.110, as~~



1 ~~amended by this act and Assembly Bill No. 661 of this~~
2 ~~session.]~~ *chapter 704 of NRS.*

3 **Sec. 7.** This act becomes effective upon passage and approval.



