

ASSEMBLY BILL NO. 103—COMMITTEE ON COMMERCE AND LABOR
(ON BEHALF OF THE PUBLIC UTILITIES COMMISSION OF NEVADA)

FEBRUARY 14, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions regarding general rate applications filed by public utilities. (BDR 58-564)

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; altering schedules under which electric utilities must file general rate applications with the Public Utilities Commission of Nevada; authorizing public utilities to provide, with a general rate application, a statement of reasonably known and measurable changes for specified periods beyond the date the application is filed; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides for public utilities to apply to the Public Utilities Commission of Nevada for proposed rate changes and provides a schedule under which electric utilities must file general rate applications with the Commission every 24 months. (NRS 704.110) **Section 2** of this bill revises that schedule to require filing every 36 months.

Existing law requires public utilities to provide financial data for the prior 12 months when filing general rate applications and authorizes natural gas utilities to provide forecasted financial data for the period ending 210 days after the general rate application is filed. (NRS 704.110) **Section 2** of this bill authorizes public utilities except PAR carriers to provide such forecasted financial data when filing general rate applications and provides that, in the instance of a PAR carrier filing a general rate application, the period that the forecasted financial data may cover is 180 days.

Section 1 of this bill repeals the requirement that the Commission report biennially to the Legislature on the amount of assessments charged public utilities.



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16 (NRS 703.145) **Section 3** of this bill repeals the requirement that the Commission
17 report quarterly to the Legislative Commission on proposed transactions between
18 customers and providers of new electric sources. (NRS 704B.210)

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

1 **Section 1.** NRS 703.145 is hereby amended to read as follows:
2 703.145 1. Any public utility subject to the jurisdiction of the
3 Commission which elects to maintain its books and records outside
4 the State of Nevada shall, in addition to any other assessment and
5 fees provided for by law, be assessed by the Commission for an amount
6 equal to the travel expenses and the excess of the out-of-
7 state subsistence allowances over the in-state subsistence
8 allowances, as fixed by NRS 281.160, of Commission members and
9 staff, for investigations, inspections and audits required to be
10 performed outside this State.

11 2. Any public utility subject to the jurisdiction of the
12 Commission shall, in addition to any other assessment and fees
13 provided for by law, be assessed by the Commission for an amount
14 equal to the travel expenses and the excess of the out-of-state
15 subsistence allowances over the in-state subsistence allowances, as
16 fixed by NRS 281.160, of Commission members and staff, for
17 investigations, audits and appearances required to be performed out
18 of this State as a result of interventions in:

19 (a) Federal Energy Regulatory Commission proceedings as
20 authorized in NRS 703.152; or

21 (b) Actions involving the Federal Communications Commission
22 or other federal regulatory agencies,
23 ➔ if the intervention is made to benefit the public utility or its
24 customers.

25 3. The assessments provided for by this section must be
26 determined by the Commission upon the completion of each such
27 investigation, inspection, audit or appearance and are due ~~and~~
28 ~~payable~~ within 30 days ~~of~~ *after* receipt by the affected utility of
29 the notice of assessment. The total amount assessed by the
30 Commission in 1 year pursuant to subsection 2 must not exceed
31 \$50,000.

32 4. The records of the Commission relating to the additional
33 costs incurred by reason of the necessary additional travel must be
34 open for inspection by the affected utility at any time within the 30-
35 day period.

36 ~~[5. The Commission shall report to the Legislature no later~~
37 ~~than February 1 of each odd-numbered year the amount of~~



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~~assessments charged public utilities during the previous biennium pursuant to subsection 2.]~~

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

2. Except as otherwise provided in subsections 3 and 13, if a public utility files with the Commission an application to make changes in any schedule, the Commission shall issue a written order approving or disapproving, in whole or in part, the proposed changes:

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

(b) For all other public utilities, not later than 210 days after the date on which the application is filed.

3. If a public utility files with the Commission a general rate application, the public utility shall submit with its application a statement showing the recorded results of revenues, expenses, investments and costs of capital for its most recent 12 months for which data were available when the application was prepared. Except as otherwise provided in subsection 4, in determining whether to approve or disapprove any increased rates, the Commission shall consider evidence in support of the increased rates based upon actual recorded results of operations for the same 12 months, adjusted for increased revenues, any increased investment in facilities, increased expenses for depreciation, certain other operating expenses as approved by the Commission and changes in the costs of securities which are known and are measurable with reasonable accuracy at the time of filing and which will become effective within 6 months after the last month of those 12 months, but the public utility shall not place into effect any increased rates until the changes have been experienced and certified by the public utility to the Commission and the Commission has approved the increased rates. The Commission



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1 shall also consider evidence supporting expenses for depreciation,
2 calculated on an annual basis, applicable to major components of the
3 public utility's plant placed into service during the recorded test
4 period or the period for certification as set forth in the application.
5 Adjustments to revenues, operating expenses and costs of securities
6 must be calculated on an annual basis. Within 90 days after the date
7 on which the certification required by this subsection is filed with
8 the Commission, or within the period set forth in subsection 2,
9 whichever time is longer, the Commission shall make such order in
10 reference to the increased rates as is required by this chapter. An
11 electric utility shall file a general rate application pursuant to this
12 subsection at least once every ~~[24]~~ 36 months based on the
13 following schedule:

14 (a) An electric utility that primarily serves less densely
15 populated counties shall file a general rate application on or before
16 October ~~[3, 2005,]~~ 1, 2007, and at least once every ~~[24]~~ 36 months
17 thereafter.

18 (b) An electric utility that primarily serves densely populated
19 counties shall file a general rate application on or before
20 November ~~[15, 2006,]~~ 17, 2008, and at least once every ~~[24]~~ 36
21 months thereafter.

22 4. In addition to submitting the statement required pursuant to
23 subsection 3, a public utility ~~[which purchases natural gas for resale]~~
24 may submit with its general rate application a statement showing the
25 effects, on an annualized basis, of all expected changes in
26 circumstances. If such a statement is filed ~~[]~~ *by a public utility
27 other than a PAR carrier*, it must include all increases and
28 decreases in revenue and expenses which may occur within 210
29 days after the date on which its general rate application is filed with
30 the Commission if such expected changes in circumstances are
31 reasonably known and are measurable with reasonable accuracy. *If
32 such a statement is filed by a PAR carrier, it must include all
33 increases or decreases in revenue and expenses which may occur
34 within 180 days after the date on which its general rate application
35 is filed with the Commission if such expected changes in
36 circumstances are reasonably known and are measurable with
37 reasonable accuracy.* If a public utility submits such a statement,
38 the public utility has the burden of proving that the expected
39 changes in circumstances set forth in the statement are reasonably
40 known and are measurable with reasonable accuracy. If the
41 Commission determines that the public utility has met its burden of
42 proof:

43 (a) The Commission shall consider the statement submitted
44 pursuant to this subsection and evidence relevant to the statement in
45 addition to the statement required pursuant to subsection 3 as



1 evidence in establishing just and reasonable rates for the public
2 utility; and

3 (b) The public utility is not required to file with the Commission
4 the certification that would otherwise be required pursuant to
5 subsection 3.

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

11 6. If a public utility files with the Commission a general rate
12 application, the public utility shall not file with the Commission
13 another general rate application until all pending general rate
14 applications filed by that public utility have been decided by the
15 Commission unless, after application and hearing, the Commission
16 determines that a substantial financial emergency would exist if the
17 public utility is not permitted to file another general rate application
18 sooner. The provisions of this subsection do not prohibit the public
19 utility from filing with the Commission, while a general rate
20 application is pending, an application to recover the increased cost
21 of purchased fuel, purchased power, or natural gas purchased for
22 resale pursuant to subsection 7 or an application to clear its deferred
23 accounts pursuant to subsection 9, if the public utility is otherwise
24 authorized by those provisions to file such an application.

25 7. A public utility may file an application to recover the
26 increased cost of purchased fuel, purchased power, or natural gas
27 purchased for resale once every 30 days. The provisions of this
28 subsection do not apply to:

29 (a) An electric utility using deferred accounting pursuant to
30 NRS 704.187; or

31 (b) A public utility which purchases natural gas for resale and
32 which adjusts its rates on a quarterly basis between annual rate
33 adjustment applications pursuant to subsection 8.

34 8. A public utility which purchases natural gas for resale must
35 request approval from the Commission to adjust its rates on a
36 quarterly basis between annual rate adjustment applications based
37 on changes in the public utility's recorded costs of natural gas
38 purchased for resale. If the Commission approves such a request:

39 (a) The public utility shall file written notice with the
40 Commission before the public utility makes a quarterly rate
41 adjustment between annual rate adjustment applications. A quarterly
42 rate adjustment is not subject to the requirements for notice and a
43 hearing pursuant to NRS 703.320 or the requirements for a
44 consumer session pursuant to subsection 1 of NRS 704.069.



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(b) The public utility shall provide written notice of each quarterly rate adjustment to its customers by including the written notice with a customer's regular monthly bill. The public utility shall begin providing such written notice to its customers not later than 30 days after the date on which the public utility files its written notice with the Commission pursuant to paragraph (a). The written notice that is included with a customer's regular monthly bill:

(1) Must be printed separately on fluorescent-colored paper and must not be attached to the pages of the bill; and

(2) Must include the following:

(I) The total amount of the increase or decrease in the public utility's revenues from the rate adjustment, stated in dollars and as a percentage;

(II) The amount of the monthly increase or decrease in charges for each class of customer or class of service, stated in dollars and as a percentage;

(III) A statement that customers may send written comments or protests regarding the rate adjustment to the Commission; and

(IV) Any other information required by the Commission.

(c) The public utility shall file an annual rate adjustment application with the Commission. The annual rate adjustment application is subject to the requirements for notice and a hearing pursuant to NRS 703.320 and the requirements for a consumer session pursuant to subsection 1 of NRS 704.069.

(d) The proceeding regarding the annual rate adjustment application must include a review of each quarterly rate adjustment and a review of the transactions and recorded costs of natural gas included in each quarterly rate adjustment and the annual rate adjustment application. There is no presumption of reasonableness or prudence for any quarterly rate adjustment or for any transactions or recorded costs of natural gas included in any quarterly rate adjustment or the annual rate adjustment application, and the public utility has the burden of proving reasonableness and prudence in the proceeding.

(e) The Commission shall not allow the public utility to recover any recorded costs of natural gas which were the result of any practice or transaction that was unreasonable or was undertaken, managed or performed imprudently by the public utility, and the Commission shall order the public utility to adjust its rates if the Commission determines that any recorded costs of natural gas included in any quarterly rate adjustment or the annual rate adjustment application were not reasonable or prudent.



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9. Except as otherwise provided in subsection 10 and subsection 5 of NRS 704.100, if an electric utility using deferred accounting pursuant to NRS 704.187 files an application to clear its deferred accounts and to change one or more of its rates based upon changes in the costs for purchased fuel or purchased power, the Commission, after a public hearing and by an appropriate order:

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

(b) Shall not allow the electric utility to recover any debit balance, or portion thereof, in an amount that would result in a rate of return during the period of recovery that exceeds the rate of return authorized by the Commission in the most recently completed rate proceeding for the electric utility.

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

11. If an electric utility files an application to clear its deferred accounts pursuant to subsection 9 while a general rate application is pending, the electric utility shall:

(a) Submit with its application to clear its deferred accounts 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.

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

13. A PAR carrier may, in accordance with this section and NRS 704.100, file with the Commission a request to approve or change any schedule to provide volume or duration discounts to rates for telecommunication service for an offering made to all or any class of business customers. The Commission may conduct a



1 hearing relating to the request, which must occur within 45 days
2 after the date the request is filed with the Commission. The request
3 and schedule shall be deemed approved if the request and schedule
4 are not disapproved by the Commission within 60 days after the date
5 the Commission receives the request.

6 14. As used in this section:

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

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

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

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

15 **Sec. 3.** NRS 704B.210 is hereby repealed.

16 **Sec. 4.** This act becomes effective on July 1, 2007.

TEXT OF REPEALED SECTION

704B.210 Submission of report to Legislative Commission.

Not later than 30 days after the end of each calendar quarter, the Commission shall submit to the Legislative Commission a written report which summarizes for that calendar quarter:

1. Each application which was filed with the Commission pursuant to the provisions of this chapter and which requested approval of a proposed transaction between an eligible customer and a provider of new electric resources;

2. The information that the eligible customer included with the application;

3. The findings of the Commission concerning the effect of the proposed transaction on the public interest; and

4. Whether the Commission approved the application and, if so, the effective date of the proposed transaction, the terms and conditions of the proposed transaction, and the terms, conditions and payments ordered by the Commission.

