

SENATE BILL NO. 93—COMMITTEE ON  
COMMERCE, LABOR AND ENERGY

FEBRUARY 7, 2013

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions relating to the filing of a general rate application by an electric utility in this State. (BDR 58-650)

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; requiring that an electric utility file with the Public Utilities Commission of Nevada a general rate application at least once every 60 months; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

- 1 Existing law requires that an electric utility file with the Public Utilities  
2 Commission of Nevada a general rate application at least once every 3 years. (NRS  
3 704.110) This bill revises the schedule of general rate applications to require that an  
4 electric utility file a general rate application at least once every 5 years.

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

- 1 **Section 1.** NRS 704.110 is hereby amended to read as follows:  
2 704.110 Except as otherwise provided in NRS 704.075 and  
3 704.68861 to 704.68887, inclusive, or as may otherwise be provided  
4 by the Commission pursuant to NRS 704.095 or 704.097:  
5 1. If a public utility files with the Commission an application to  
6 make changes in any schedule, including, without limitation,  
7 changes that will result in a discontinuance, modification or  
8 restriction of service, the Commission shall investigate the propriety  
9 of the proposed changes to determine whether to approve or  
10 disapprove the proposed changes. If an electric utility files such an  
11 application and the application is a general rate application or an



1 annual deferred energy accounting adjustment application, the  
2 Consumer's Advocate shall be deemed a party of record.

3 2. Except as otherwise provided in subsection 3, if a public  
4 utility files with the Commission an application to make changes in  
5 any schedule, the Commission shall, not later than 210 days after the  
6 date on which the application is filed, issue a written order  
7 approving or disapproving, in whole or in part, the proposed  
8 changes.

9 3. If a public utility files with the Commission a general rate  
10 application, the public utility shall submit with its application a  
11 statement showing the recorded results of revenues, expenses,  
12 investments and costs of capital for its most recent 12 months for  
13 which data were available when the application was prepared.  
14 Except as otherwise provided in subsection 4, in determining  
15 whether to approve or disapprove any increased rates, the  
16 Commission shall consider evidence in support of the increased  
17 rates based upon actual recorded results of operations for the same  
18 12 months, adjusted for increased revenues, any increased  
19 investment in facilities, increased expenses for depreciation, certain  
20 other operating expenses as approved by the Commission and  
21 changes in the costs of securities which are known and are  
22 measurable with reasonable accuracy at the time of filing and which  
23 will become effective within 6 months after the last month of those  
24 12 months, but the public utility shall not place into effect any  
25 increased rates until the changes have been experienced and  
26 certified by the public utility to the Commission and the  
27 Commission has approved the increased rates. The Commission  
28 shall also consider evidence supporting expenses for depreciation,  
29 calculated on an annual basis, applicable to major components of the  
30 public utility's plant placed into service during the recorded test  
31 period or the period for certification as set forth in the application.  
32 Adjustments to revenues, operating expenses and costs of securities  
33 must be calculated on an annual basis. Within 90 days after the date  
34 on which the certification required by this subsection is filed with  
35 the Commission, or within the period set forth in subsection 2,  
36 whichever time is longer, the Commission shall make such order in  
37 reference to the increased rates as is required by this chapter. The  
38 following public utilities shall each file a general rate application  
39 pursuant to this subsection based on the following schedule:

40 (a) An electric utility that primarily serves less densely  
41 populated counties shall file a general rate application not later than  
42 5 p.m. on or before the first Monday in June 2010, and at least once  
43 every ~~36~~ 60 months thereafter.

44 (b) An electric utility that primarily serves densely populated  
45 counties shall file a general rate application not later than 5 p.m. on



1 or before the first Monday in June 2011, and at least once every ~~36~~  
2 60 months thereafter.

3 (c) A public utility that furnishes water for municipal, industrial  
4 or domestic purposes or services for the disposal of sewage, or both,  
5 which had an annual gross operating revenue of \$2,000,000 or more  
6 for at least 1 year during the immediately preceding 3 years and  
7 which had not filed a general rate application with the Commission  
8 on or after July 1, 2005, shall file a general rate application on or  
9 before June 30, 2008, and at least once every 36 months thereafter  
10 unless waived by the Commission pursuant to standards adopted by  
11 regulation of the Commission. If a public utility furnishes both  
12 water and services for the disposal of sewage, its annual gross  
13 operating revenue for each service must be considered separately for  
14 determining whether the public utility meets the requirements of this  
15 paragraph for either service.

16 (d) A public utility that furnishes water for municipal, industrial  
17 or domestic purposes or services for the disposal of sewage, or both,  
18 which had an annual gross operating revenue of \$2,000,000 or more  
19 for at least 1 year during the immediately preceding 3 years and  
20 which had filed a general rate application with the Commission on  
21 or after July 1, 2005, shall file a general rate application on or before  
22 June 30, 2009, and at least once every 36 months thereafter unless  
23 waived by the Commission pursuant to standards adopted by  
24 regulation of the Commission. If a public utility furnishes both  
25 water and services for the disposal of sewage, its annual gross  
26 operating revenue for each service must be considered separately for  
27 determining whether the public utility meets the requirements of this  
28 paragraph for either service.

29 ➤ The Commission shall adopt regulations setting forth standards  
30 for waivers pursuant to paragraphs (c) and (d) and for including the  
31 costs incurred by the public utility in preparing and presenting the  
32 general rate application before the effective date of any change in  
33 rates.

34 4. In addition to submitting the statement required pursuant to  
35 subsection 3, a public utility may submit with its general rate  
36 application a statement showing the effects, on an annualized basis,  
37 of all expected changes in circumstances. If such a statement is  
38 filed, it must include all increases and decreases in revenue and  
39 expenses which may occur within 210 days after the date on which  
40 its general rate application is filed with the Commission if such  
41 expected changes in circumstances are reasonably known and are  
42 measurable with reasonable accuracy. If a public utility submits  
43 such a statement, the public utility has the burden of proving that the  
44 expected changes in circumstances set forth in the statement are  
45 reasonably known and are measurable with reasonable accuracy.



1 The Commission shall consider expected changes in circumstances  
2 to be reasonably known and measurable with reasonable accuracy if  
3 the expected changes in circumstances consist of specific and  
4 identifiable events or programs rather than general trends, patterns  
5 or developments, have an objectively high probability of occurring  
6 to the degree, in the amount and at the time expected, are primarily  
7 measurable by recorded or verifiable revenues and expenses and are  
8 easily and objectively calculated, with the calculation of the  
9 expected changes relying only secondarily on estimates, forecasts,  
10 projections or budgets. If the Commission determines that the public  
11 utility has met its burden of proof:

12 (a) The Commission shall consider the statement submitted  
13 pursuant to this subsection and evidence relevant to the statement,  
14 including all reasonable projected or forecasted offsets in revenue  
15 and expenses that are directly attributable to or associated with the  
16 expected changes in circumstances under consideration, in addition  
17 to the statement required pursuant to subsection 3 as evidence in  
18 establishing just and reasonable rates for the public utility; and

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

22 5. If a public utility files with the Commission an application to  
23 make changes in any schedule and the Commission does not issue a  
24 final written order regarding the proposed changes within the time  
25 required by this section, the proposed changes shall be deemed to be  
26 approved by the Commission.

27 6. If a public utility files with the Commission a general rate  
28 application, the public utility shall not file with the Commission  
29 another general rate application until all pending general rate  
30 applications filed by that public utility have been decided by the  
31 Commission unless, after application and hearing, the Commission  
32 determines that a substantial financial emergency would exist if the  
33 public utility is not permitted to file another general rate application  
34 sooner. The provisions of this subsection do not prohibit the public  
35 utility from filing with the Commission, while a general rate  
36 application is pending, an application to recover the increased cost  
37 of purchased fuel, purchased power, or natural gas purchased for  
38 resale pursuant to subsection 7, a quarterly rate adjustment pursuant  
39 to subsection 8 or 10, any information relating to deferred  
40 accounting requirements pursuant to NRS 704.185 or an annual  
41 deferred energy accounting adjustment application pursuant to NRS  
42 704.187, if the public utility is otherwise authorized to so file by  
43 those provisions.

44 7. A public utility may file an application to recover the  
45 increased cost of purchased fuel, purchased power, or natural gas



1 purchased for resale once every 30 days. The provisions of this  
2 subsection do not apply to:

3 (a) An electric utility which is required to adjust its rates on a  
4 quarterly basis pursuant to subsection 10; or

5 (b) A public utility which purchases natural gas for resale and  
6 which adjusts its rates on a quarterly basis pursuant to subsection 8.

7 8. A public utility which purchases natural gas for resale must  
8 request approval from the Commission to adjust its rates on a  
9 quarterly basis between annual rate adjustment applications based  
10 on changes in the public utility's recorded costs of natural gas  
11 purchased for resale. A public utility which purchases natural gas  
12 for resale and which adjusts its rates on a quarterly basis may  
13 request approval from the Commission to make quarterly  
14 adjustments to its deferred energy accounting adjustment. The  
15 Commission shall approve or deny such a request not later than 120  
16 days after the application is filed with the Commission. The  
17 Commission may approve the request if the Commission finds that  
18 approval of the request is in the public interest. If the Commission  
19 approves a request to make quarterly adjustments to the deferred  
20 energy accounting adjustment of a public utility pursuant to this  
21 subsection, any quarterly adjustment to the deferred energy  
22 accounting adjustment must not exceed 2.5 cents per therm of  
23 natural gas. If the balance of the public utility's deferred account  
24 varies by less than 5 percent from the public utility's annual  
25 recorded costs of natural gas which are used to calculate quarterly  
26 rate adjustments, the deferred energy accounting adjustment must be  
27 set to zero cents per therm of natural gas.

28 9. If the Commission approves a request to make any rate  
29 adjustments on a quarterly basis pursuant to subsection 8:

30 (a) The public utility shall file written notice with the  
31 Commission before the public utility makes a quarterly rate  
32 adjustment. A quarterly rate adjustment is not subject to the  
33 requirements for notice and a hearing pursuant to NRS 703.320 or  
34 the requirements for a consumer session pursuant to subsection 1 of  
35 NRS 704.069.

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

44 (1) Must be printed separately on fluorescent-colored paper  
45 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;

(IV) A statement that the transactions and recorded costs of natural gas which are the basis for any quarterly rate adjustment will be reviewed for reasonableness and prudence in the next proceeding held by the Commission to review the annual rate adjustment application pursuant to paragraph (d); and

(V) 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 the transactions and recorded costs of natural gas included in each quarterly filing 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.

10. An electric utility shall adjust its rates on a quarterly basis based on changes in the electric utility's recorded costs of purchased fuel or purchased power. In addition to adjusting its rates on a quarterly basis, an electric utility may request approval from the Commission to make quarterly adjustments to its deferred energy accounting adjustment. The Commission shall approve or deny such a request not later than 120 days after the application is filed with



1 the Commission. The Commission may approve the request if the  
2 Commission finds that approval of the request is in the public  
3 interest. If the Commission approves a request to make quarterly  
4 adjustments to the deferred energy accounting adjustment of an  
5 electric utility pursuant to this subsection, any quarterly adjustment  
6 to the deferred energy accounting adjustment must not exceed 0.25  
7 cents per kilowatt-hour of electricity. If the balance of the electric  
8 utility's deferred account varies by less than 5 percent from the  
9 electric utility's annual recorded costs for purchased fuel or  
10 purchased power which are used to calculate quarterly rate  
11 adjustments, the deferred energy accounting adjustment must be set  
12 to zero cents per kilowatt-hour of electricity.

13 11. A quarterly rate adjustment filed pursuant to subsection 10  
14 is subject to the following requirements:

15 (a) The electric utility shall file written notice with the  
16 Commission on or before August 15, 2007, and every quarter  
17 thereafter of the quarterly rate adjustment to be made by the electric  
18 utility for the following quarter. The first quarterly rate adjustment  
19 by the electric utility will take effect on October 1, 2007, and each  
20 subsequent quarterly rate adjustment will take effect every quarter  
21 thereafter. The first quarterly adjustment to a deferred energy  
22 accounting adjustment must be made pursuant to an order issued by  
23 the Commission approving the application of an electric utility to  
24 make quarterly adjustments to its deferred energy accounting  
25 adjustment. A quarterly rate adjustment is not subject to the  
26 requirements for notice and a hearing pursuant to NRS 703.320 or  
27 the requirements for a consumer session pursuant to subsection 1 of  
28 NRS 704.069.

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

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

38 (2) Must include the following:

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

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



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

4 (IV) A statement that the transactions and recorded costs  
5 of purchased fuel or purchased power which are the basis for any  
6 quarterly rate adjustment will be reviewed for reasonableness and  
7 prudence in the next proceeding held by the Commission to review  
8 the annual deferred energy accounting adjustment application  
9 pursuant to paragraph (d); and

10 (V) Any other information required by the Commission.

11 (c) The electric utility shall file an annual deferred energy  
12 accounting adjustment application pursuant to NRS 704.187 with  
13 the Commission. The annual deferred energy accounting adjustment  
14 application is subject to the requirements for notice and a hearing  
15 pursuant to NRS 703.320 and the requirements for a consumer  
16 session pursuant to subsection 1 of NRS 704.069.

17 (d) The proceeding regarding the annual deferred energy  
18 accounting adjustment application must include a review of each  
19 quarterly rate adjustment and the transactions and recorded costs of  
20 purchased fuel and purchased power included in each quarterly  
21 filing and the annual deferred energy accounting adjustment  
22 application. There is no presumption of reasonableness or prudence  
23 for any quarterly rate adjustment or for any transactions or recorded  
24 costs of purchased fuel and purchased power included in any  
25 quarterly rate adjustment or the annual deferred energy accounting  
26 adjustment application, and the electric utility has the burden of  
27 proving reasonableness and prudence in the proceeding.

28 (e) The Commission shall not allow the electric utility to recover  
29 any recorded costs of purchased fuel and purchased power which  
30 were the result of any practice or transaction that was unreasonable  
31 or was undertaken, managed or performed imprudently by the  
32 electric utility, and the Commission shall order the electric utility to  
33 adjust its rates if the Commission determines that any recorded costs  
34 of purchased fuel and purchased power included in any quarterly  
35 rate adjustment or the annual deferred energy accounting adjustment  
36 application were not reasonable or prudent.

37 12. If an electric utility files an annual deferred energy  
38 accounting adjustment application pursuant to subsection 11 and  
39 NRS 704.187 while a general rate application is pending, the  
40 electric utility shall:

41 (a) Submit with its annual deferred energy accounting  
42 adjustment application information relating to the cost of service  
43 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.

13. 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.

14. In regard to any rate or schedule approved or disapproved pursuant to this section, the Commission may, after a hearing:

(a) Upon the request of the utility, approve a new rate but delay the implementation of that new rate:

(1) Until a date determined by the Commission; and

(2) Under conditions as determined by the Commission, including, without limitation, a requirement that interest charges be included in the collection of the new rate; and

(b) Authorize a utility to implement a reduced rate for low-income residential customers.

15. The Commission may, upon request and for good cause shown, permit a public utility which purchases natural gas for resale or an electric utility to make a quarterly adjustment to its deferred energy accounting adjustment in excess of the maximum allowable adjustment pursuant to subsection 8 or 10.

16. A public utility which purchases natural gas for resale or an electric utility that makes quarterly adjustments to its deferred energy accounting adjustment pursuant to subsection 8 or 10 may submit to the Commission for approval an application to discontinue making quarterly adjustments to its deferred energy accounting adjustment and to subsequently make annual adjustments to its deferred energy accounting adjustment. The Commission may approve an application submitted pursuant to this subsection if the Commission finds that approval of the application is in the public interest.

17. As used in this section:

(a) "Deferred energy accounting adjustment" means the rate of a public utility which purchases natural gas for resale or an electric utility that is calculated by dividing the balance of a deferred account during a specified period by the total therms or kilowatt-hours which have been sold in the geographical area to which the rate applies during the specified period.

(b) "Electric utility" has the meaning ascribed to it in NRS 704.187.

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



1 of electric service, derives more of its annual gross operating  
2 revenue in this State from customers located in counties whose  
3 population is 700,000 or more than it does from customers located  
4 in counties whose population is less than 700,000.

5 (d) “Electric utility that primarily serves less densely populated  
6 counties” means an electric utility that, with regard to the provision  
7 of electric service, derives more of its annual gross operating  
8 revenue in this State from customers located in counties whose  
9 population is less than 700,000 than it does from customers located  
10 in counties whose population is 700,000 or more.

11 **Sec. 2.** This act becomes effective upon passage and approval.

