

SENATE BILL NO. 87—COMMITTEE ON
COMMERCE, LABOR AND ENERGY

(ON BEHALF OF THE PUBLIC UTILITIES
COMMISSION OF NEVADA)

PREFILED DECEMBER 20, 2014

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Authorizes the Public Utilities Commission of Nevada to modify resource plans submitted by certain public utilities. (BDR 58-349)

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

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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; authorizing the Public Utilities Commission of Nevada to modify resource plans submitted by certain public utilities; authorizing a public utility to consent to or reject some or all of such modifications; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, a public utility that furnishes water or sewage disposal services is required periodically to file with the Public Utilities Commission of Nevada a "resource plan" to provide sufficient water or services to meet the anticipated demands of the utility's customers. The Commission is required to issue an order accepting the plan as filed or specifying any part of the plan it finds to be inadequate. If a plan is accepted by the Commission, any facility identified in the plan for acquisition or construction by the utility is deemed to be a prudent investment and the utility is entitled to recover the costs of the facility from its customers. (NRS 704.661) **Section 2** of this bill authorizes the Commission to issue an order modifying such a plan and allows the utility to file a notice consenting to or rejecting some or all of the modifications. **Section 2** also requires any petition for reconsideration or rehearing of the order issued by the Commission to be filed by the utility not later than 10 business days after filing the notice of consent or rejection. For the purposes of the "prudent investment" provisions, the plan is deemed to be accepted by the Commission only as to those parts of the plan accepted as filed or modified by the Commission with the consent of the utility.



Existing law also requires certain public utilities that supply electricity to submit periodically to the Commission plans to increase their supply of electricity or decrease the demands made on their systems by their customers. (NRS 704.741) Existing law requires the Commission to issue an order accepting such a plan as filed or specifying the parts of the plan that the Commission deems to be inadequate. (NRS 704.751) The Commission's acceptance of such a plan likewise results in certain facilities, or the elimination of certain facilities, being deemed to be a prudent investment by the utility. (NRS 704.110) **Section 3** of this bill authorizes the Commission to issue an order modifying such a plan and provides that the utility may consent to or reject some or all of the modifications by filing a notice to that effect. Any petition for reconsideration or rehearing again must be filed not later than 10 business days after the notice of consent or rejection is filed. Again, for the purposes described above, **section 1** of this bill provides that only the parts of the plan accepted by the Commission as filed or modified with the consent of the utility are deemed to be accepted by the Commission.

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

Section 1. NRS 704.110 is hereby amended to read as follows:

704.110 Except as otherwise provided in NRS 704.075 and 704.68861 to 704.68887, inclusive, or as may otherwise be provided by the Commission pursuant to NRS 704.095 or 704.097:

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

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

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



1 12 months, adjusted for increased revenues, any increased
2 investment in facilities, increased expenses for depreciation, certain
3 other operating expenses as approved by the Commission and
4 changes in the costs of securities which are known and are
5 measurable with reasonable accuracy at the time of filing and which
6 will become effective within 6 months after the last month of those
7 12 months, but the public utility shall not place into effect any
8 increased rates until the changes have been experienced and
9 certified by the public utility to the Commission and the
10 Commission has approved the increased rates. The Commission
11 shall also consider evidence supporting expenses for depreciation,
12 calculated on an annual basis, applicable to major components of the
13 public utility's plant placed into service during the recorded test
14 period or the period for certification as set forth in the application.
15 Adjustments to revenues, operating expenses and costs of securities
16 must be calculated on an annual basis. Within 90 days after the date
17 on which the certification required by this subsection is filed with
18 the Commission, or within the period set forth in subsection 2,
19 whichever time is longer, the Commission shall make such order in
20 reference to the increased rates as is required by this chapter. The
21 following public utilities shall each file a general rate application
22 pursuant to this subsection based on the following schedule:

23 (a) An electric utility that primarily serves less densely
24 populated counties shall file a general rate application not later than
25 5 p.m. on or before the first Monday in June 2010, and at least once
26 every 36 months thereafter.

27 (b) An electric utility that primarily serves densely populated
28 counties shall file a general rate application not later than 5 p.m. on
29 or before the first Monday in June 2011, and at least once every 36
30 months thereafter.

31 (c) A public utility that furnishes water for municipal, industrial
32 or domestic purposes or services for the disposal of sewage, or both,
33 which had an annual gross operating revenue of \$2,000,000 or more
34 for at least 1 year during the immediately preceding 3 years and
35 which had not filed a general rate application with the Commission
36 on or after July 1, 2005, shall file a general rate application on or
37 before June 30, 2008, and at least once every 36 months thereafter
38 unless waived by the Commission pursuant to standards adopted by
39 regulation of the Commission. If a public utility furnishes both
40 water and services for the disposal of sewage, its annual gross
41 operating revenue for each service must be considered separately for
42 determining whether the public utility meets the requirements of this
43 paragraph for either service.

44 (d) A public utility that furnishes water for municipal, industrial
45 or domestic purposes or services for the disposal of sewage, or both,



1 which had an annual gross operating revenue of \$2,000,000 or more
2 for at least 1 year during the immediately preceding 3 years and
3 which had filed a general rate application with the Commission on
4 or after July 1, 2005, shall file a general rate application on or before
5 June 30, 2009, and at least once every 36 months thereafter unless
6 waived by the Commission pursuant to standards adopted by
7 regulation of the Commission. If a public utility furnishes both
8 water and services for the disposal of sewage, its annual gross
9 operating revenue for each service must be considered separately for
10 determining whether the public utility meets the requirements of this
11 paragraph for either service.

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

17 4. In addition to submitting the statement required pursuant to
18 subsection 3, a public utility may submit with its general rate
19 application a statement showing the effects, on an annualized basis,
20 of all expected changes in circumstances. If such a statement is
21 filed, it must include all increases and decreases in revenue and
22 expenses which may occur within 210 days after the date on which
23 its general rate application is filed with the Commission if such
24 expected changes in circumstances are reasonably known and are
25 measurable with reasonable accuracy. If a public utility submits
26 such a statement, the public utility has the burden of proving that the
27 expected changes in circumstances set forth in the statement are
28 reasonably known and are measurable with reasonable accuracy.
29 The Commission shall consider expected changes in circumstances
30 to be reasonably known and measurable with reasonable accuracy if
31 the expected changes in circumstances consist of specific and
32 identifiable events or programs rather than general trends, patterns
33 or developments, have an objectively high probability of occurring
34 to the degree, in the amount and at the time expected, are primarily
35 measurable by recorded or verifiable revenues and expenses and are
36 easily and objectively calculated, with the calculation of the
37 expected changes relying only secondarily on estimates, forecasts,
38 projections or budgets. If the Commission determines that the public
39 utility has met its burden of proof:

40 (a) The Commission shall consider the statement submitted
41 pursuant to this subsection and evidence relevant to the statement,
42 including all reasonable projected or forecasted offsets in revenue
43 and expenses that are directly attributable to or associated with the
44 expected changes in circumstances under consideration, in addition



1 to the statement required pursuant to subsection 3 as evidence in
2 establishing just and reasonable rates for the public 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, a quarterly rate adjustment pursuant
23 to subsection 8 or 10, any information relating to deferred
24 accounting requirements pursuant to NRS 704.185 or an annual
25 deferred energy accounting adjustment application pursuant to NRS
26 704.187, if the public utility is otherwise authorized to so file by
27 those provisions.

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

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

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

36 8. A public utility which purchases natural gas for resale must
37 request approval from the Commission to adjust its rates on a
38 quarterly basis between annual rate adjustment applications based
39 on changes in the public utility's recorded costs of natural gas
40 purchased for resale. A public utility which purchases natural gas
41 for resale and which adjusts its rates on a quarterly basis may
42 request approval from the Commission to make quarterly
43 adjustments to its deferred energy accounting adjustment. The
44 Commission shall approve or deny such a request not later than 120
45 days after the application is filed with the Commission. The



Commission may approve the request if the Commission finds that approval of the request is in the public interest. If the Commission approves a request to make quarterly adjustments to the deferred energy accounting adjustment of a public utility pursuant to this subsection, any quarterly adjustment to the deferred energy accounting adjustment must not exceed 2.5 cents per therm of natural gas. If the balance of the public utility's deferred account varies by less than 5 percent from the public utility's annual recorded costs of natural gas which are used to calculate quarterly rate adjustments, the deferred energy accounting adjustment must be set to zero cents per therm of natural gas.

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

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

(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;

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

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

(a) The electric utility shall file written notice with the Commission on or before August 15, 2007, and every quarter



thereafter of the quarterly rate adjustment to be made by the electric utility for the following quarter. The first quarterly rate adjustment by the electric utility will take effect on October 1, 2007, and each subsequent quarterly rate adjustment will take effect every quarter thereafter. The first quarterly adjustment to a deferred energy accounting adjustment must be made pursuant to an order issued by the Commission approving the application of an electric utility to make quarterly adjustments to its deferred energy accounting adjustment. A quarterly rate adjustment is not subject to the requirements for notice and a hearing pursuant to NRS 703.320 or the requirements for a consumer session pursuant to subsection 1 of NRS 704.069.

(b) The electric 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 electric utility shall begin providing such written notice to its customers not later than 30 days after the date on which the electric utility files a 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 electric 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 purchased fuel or purchased power 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 deferred energy accounting adjustment application pursuant to paragraph (d); and

(V) Any other information required by the Commission.

(c) The electric utility shall file an annual deferred energy accounting adjustment application pursuant to NRS 704.187 with the Commission. The annual deferred energy accounting 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 deferred energy accounting adjustment application must include a review of each quarterly rate adjustment and the transactions and recorded costs of purchased fuel and purchased power included in each quarterly filing and the annual deferred energy accounting adjustment application. There is no presumption of reasonableness or prudence for any quarterly rate adjustment or for any transactions or recorded costs of purchased fuel and purchased power included in any quarterly rate adjustment or the annual deferred energy accounting adjustment application, and the electric utility has the burden of proving reasonableness and prudence in the proceeding.

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

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

(a) Submit with its annual deferred energy accounting adjustment application 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.

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, or the retirement or elimination of a utility facility identified in an emissions reduction and capacity replacement plan submitted pursuant to NRS 704.7316 and accepted by the Commission for retirement or elimination 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, or retiring or eliminating, as applicable, such a facility. *For the purposes of this subsection, a plan or an amendment to a plan shall be deemed to be accepted by the Commission only as to that portion of the plan or amendment accepted as filed or modified with the consent of the utility pursuant to NRS 704.751.*



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

(d) "Electric utility that primarily serves less densely populated counties" means an electric utility that, with regard to the provision of electric service, derives more of its annual gross operating revenue in this State from customers located in counties whose



1 population is less than 700,000 than it does from customers located
2 in counties whose population is 700,000 or more.

3 **Sec. 2.** NRS 704.661 is hereby amended to read as follows:

4 704.661 1. Except as otherwise provided in this section, a
5 public utility that furnishes water for municipal, industrial or
6 domestic purposes or services for the disposal of sewage, or both,
7 and which had an annual gross operating revenue of \$1,000,000 or
8 more for at least 1 year during the immediately preceding 3 years
9 shall, on or before March 1 of every third year, in the manner
10 specified by the Commission, submit a plan to the Commission to
11 provide sufficient water or services for the disposal of sewage to
12 satisfy the demand made on its system by its customers. If a public
13 utility furnishes both water and services for the disposal of sewage,
14 its annual gross operating revenue for each service must be
15 considered separately for determining whether the public utility
16 meets the requirements of this subsection for either service.

17 2. A public utility may request a waiver from the requirements
18 of subsection 1 by submitting such a request in writing to the
19 Commission not later than 180 days before the date on which the
20 plan is required to be submitted pursuant to subsection 1. A request
21 for a waiver must include proof satisfactory that the public utility
22 will not experience a significant increase in demand for its services
23 or require the acquisition or construction of additional infrastructure
24 to meet present or future demand during the 3-year period covered
25 by the plan which the public utility would otherwise be required to
26 submit pursuant to subsection 1.

27 3. The Commission shall, not later than 45 days after receiving
28 a request for a waiver pursuant to subsection 2, issue an order
29 approving or denying the request. The Commission shall not
30 approve the request of a public utility for a waiver for consecutive
31 3-year periods.

32 4. The Commission:

33 (a) Shall adopt regulations to provide for the contents of and the
34 method and schedule for preparing, submitting, reviewing and
35 approving a plan submitted pursuant to subsection 1; and

36 (b) May adopt regulations relating to the submission of requests
37 for waivers pursuant to subsection 2.

38 5. Not later than 180 days after a public utility has filed a plan
39 pursuant to subsection 1, the Commission shall issue an order
40 accepting **or modifying** the plan ~~as filed~~ or specifying any portion
41 of the plan it finds to be inadequate. **If the Commission issues an**
42 **order modifying the plan, the public utility may consent to or**
43 **reject some or all of the modifications by filing with the**
44 **Commission a notice to that effect. Any such notice must be filed**
45 **not later than 30 days after the date of issuance of the order. If**



such a notice is filed, any petition for reconsideration or rehearing of the order must be filed with the Commission not later than 10 business days after the date the notice is filed.

6. If a plan submitted pursuant to subsection 1 and accepted by the Commission pursuant to subsection 5 and any regulations adopted pursuant to subsection 4 identifies a facility for acquisition or construction, the facility shall be deemed to be a prudent investment and the public utility may recover all just and reasonable costs of planning and constructing or acquiring the facility. *For the purposes of this subsection, a plan shall be deemed to be accepted by the Commission only as to that portion of the plan accepted as filed or modified with the consent of the public utility pursuant to subsection 5.*

7. All prudent and reasonable expenditures made by a public utility to develop a plan filed pursuant to subsection 1, including, without limitation, any environmental, engineering or other studies, must be recovered from the rates charged to the public utility's customers.

Sec. 3. NRS 704.751 is hereby amended to read as follows:

704.751 1. After a utility has filed the plan required pursuant to NRS 704.741, the Commission shall issue an order accepting *or modifying* the plan ~~has filed~~ or specifying any portions of the plan it deems to be inadequate:

(a) Within 135 days for any portion of the plan relating to the energy supply plan for the utility for the 3 years covered by the plan; and

(b) Within 180 days for all portions of the plan not described in paragraph (a).

↪ If the Commission issues an order modifying the plan, the utility may consent to or reject some or all of the modifications by filing with the Commission a notice to that effect. Any such notice must be filed not later than 30 days after the date of issuance of the order. If such a notice is filed, any petition for reconsideration or rehearing of the order must be filed with the Commission not later than 10 business days after the date the notice is filed.

2. If a utility files an amendment to a plan, the Commission shall issue an order accepting *or modifying* the amendment ~~has filed~~ or specifying any portions of the amendment it deems to be inadequate:

(a) Within 135 days after the filing of the amendment; or

(b) Within 180 days after the filing of the amendment for all portions of the amendment which contain an element of the emissions reduction and capacity replacement plan.

↪ If the Commission issues an order modifying the amendment, the utility may consent to or reject some or all of the modifications



by filing with the Commission a notice to that effect. Any such notice must be filed not later than 30 days after the date of issuance of the order. If such a notice is filed, any petition for reconsideration or rehearing of the order must be filed with the Commission not later than 10 business days after the date the notice is filed.

3. All prudent and reasonable expenditures made to develop the utility's plan, including environmental, engineering and other studies, must be recovered from the rates charged to the utility's customers.

4. The Commission may accept a transmission plan submitted pursuant to subsection 4 of NRS 704.741 for a renewable energy zone if the Commission determines that the construction or expansion of transmission facilities would facilitate the utility meeting the portfolio standard, as defined in NRS 704.7805.

5. The Commission shall adopt regulations establishing the criteria for determining the adequacy of a transmission plan submitted pursuant to subsection 4 of NRS 704.741.

6. Any order issued by the Commission accepting *or modifying* an element of an emissions reduction and capacity replacement plan must include provisions authorizing the electric utility to construct or acquire and own electric generating plants necessary to meet the capacity amounts approved in, and carry out the provisions of, the plan. As used in this subsection, "capacity" means an amount of firm electric generating capacity used by the electric utility for the purpose of preparing a plan filed with the Commission pursuant to NRS 704.736 to 704.754, inclusive.

Sec. 4. This act becomes effective upon passage and approval.

