

Amendment No. 770

Senate Amendment to Assembly Bill No. 465 First Reprint	(BDR 58-872)
<b>Proposed by:</b> Senate Committee on Growth and Infrastructure	
<b>Amends:</b> Summary: No Title: No Preamble: No Joint Sponsorship: No Digest: Yes	

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.





ASSEMBLY BILL NO. 465--COMMITTEE  
ON GROWTH AND INFRASTRUCTURE

MARCH 25, 2019

Referred to Committee on Growth and Infrastructure

SUMMARY—Establishes provisions relating to solar energy. (BDR 58-872)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.  
Effect on the State: Yes.

~

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

AN ACT relating to energy; requiring electric utilities to offer an expanded solar access program to certain customers and to submit a plan to the Public Utilities Commission of Nevada for such a program; requiring the Commission to adopt regulations establishing standards for the program; requiring the Commission to approve a plan for an expanded solar access program if certain requirements are met; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

This bill enacts provisions for the implementation of an expanded solar access program by certain electric utilities in this State. This bill requires such electric utilities to offer an expanded solar access program to residential customers and to certain nonresidential customers who consume less than 10,000 kilowatt-hours of electricity per month. This bill requires the Public Utilities Commission of Nevada to adopt certain regulations for the implementation of the expanded solar access program and requires an electric utility to submit a plan for the implementation of the expanded solar access program. Among the requirements for the plan submitted by an electric utility to implement the expanded solar access program is that the capacity of the expanded solar access program be below a certain amount, that the program broaden access to solar energy in an equitable manner and that the program provide participating low-income residential customers with ~~electric bill savings~~ **a lower rate**. This bill requires an electric utility, in implementing the expanded solar access program, to make use of **at least** a certain number of community-based solar resources and utility scale solar resources.

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

**Section 1.** Chapter 704 of NRS is hereby amended by adding thereto a new section to read as follows:

***1. An electric utility shall offer an expanded solar access program to eligible customers within its service area in accordance with the provisions of this section. The size of the expanded solar access program shall not exceed:***

1 (a) For an electric utility that primarily serves densely populated counties, a  
2 total capacity of 240,000 megawatt-hours; and

3 (b) For an electric utility that primarily serves less densely populated  
4 counties, a total capacity of 160,000 megawatt-hours.

5 2. The Commission shall adopt regulations establishing standards for the  
6 expanded solar access program. The regulations must:

7 (a) Advance the development of solar energy resources in this State,  
8 including, without limitation, utility scale and community-based solar resources;

9 (b) Provide for the expanded solar access program to include a reasonable  
10 mixture of community-based solar resources and utility scale solar resources;

11 (c) Provide a plan for community participation in the siting and naming of  
12 community-based solar resources;

13 (d) Provide for solar workforce innovations and opportunity programs  
14 related to the construction, maintenance and operation of solar resources,  
15 including opportunities for workforce training, apprenticeships or other job  
16 opportunities at community-based solar resources;

17 (e) Provide for equitably broadened access to solar energy;

18 (f) Provide for the creation of an expanded solar access program rate for  
19 participating eligible customers that:

20 (1) Is based, among other factors, on a new utility scale solar resource  
21 accepted by the Commission in an order issued pursuant to NRS 704.751, as  
22 approved by the Commission;

23 (2) Is a fixed rate that replaces the base tariff energy rate and deferred  
24 accounting adjustment charged by the electric utility for participating customers  
25 and which is adjusted in accordance with the Commission's quarterly  
26 calculations;

27 (3) For low-income eligible customers, provides for ~~[bill savings;]~~ a lower  
28 rate, the cost of which must be allocated ~~[equitably]~~ across all of the rate classes  
29 of the utility;

30 (4) For eligible customers who are not low-income eligible customers,  
31 provides stability and predictability and the opportunity for ~~[bill savings;]~~ a lower  
32 rate; and

33 (5) Includes for all participating customers any other applicable charges  
34 including, without limitation, the universal energy charge, franchise fees, the  
35 renewable energy program rate and base tariff general rates, except that the  
36 Commission may reduce one or more of these charges for low-income eligible  
37 customers to ensure that such customers receive ~~[bill savings;]~~ a lower rate  
38 pursuant to subparagraph (3);

39 (g) Establish a process for identifying noncontiguous geographic locations  
40 for community-based solar resources which, to the extent practicable, must be  
41 located in communities with higher levels of low-income eligible customers;

42 (h) Provide for the use of at least one utility scale solar resource and at least  
43 three but not more than ten community-based solar resources within the service  
44 territory of the electric utility;

45 (i) Require not less than 50 percent of the employees engaged or anticipated  
46 to be engaged in construction of community-based solar resources to be residents  
47 of this State, which residency may be demonstrated, without limitation, by a  
48 notarized statement of the employee that he or she is a resident of this State;

49 (j) Provide for a mechanism for the host sites of community-based solar  
50 resources to receive compensation from the utility for the use of such site;

51 (k) Provide for the use of a combination of new and other renewable energy  
52 facilities, which may be either utility scale or community-based solar resources,

1 that were submitted to the Commission for approval after May 1, 2018, and that  
2 were not placed into operation before April 1, 2020;

3 (l) Provide for an application and selection process for eligible customers to  
4 participate in the program;

5 (m) Ensure reasonable and equitable participation by eligible customers  
6 within the service area of the electric utility;

7 (n) Ensure that eligible customers are able to participate in the program  
8 regardless of whether the customer owns, rents or leases the customer's premises;

9 (o) Require that:

10 (1) Twenty-five percent of the capacity of the program, as provided in  
11 subsection 1, be reserved for low-income eligible customers;

12 (2) Twenty-five percent of the capacity of the program, as provided in  
13 subsection 1, be reserved for disadvantaged businesses and nonprofit  
14 organizations; and

15 (3) Fifty percent of the capacity of the program, as provided in  
16 subsection 1, be reserved for eligible customers who are fully bundled residential  
17 customers who own, rent or lease their residence and who certify in a statement  
18 which satisfies the requirements established by the Commission pursuant to  
19 paragraph (p) that they cannot install solar resources on their premises ; ~~as~~  
20 ~~determined by the Commission; and~~

21 (p) Establish the requirements for a fully bundled residential customer to  
22 certify that he or she cannot install solar resources on his or her premises; and

23 (q) Establish standards for the form, content and manner of submission of  
24 an electric utility's plan for implementing the expanded solar access program.

25 3. An electric utility shall file a plan for implementing the expanded solar  
26 access program in accordance with the regulations adopted by the Commission  
27 pursuant to subsection 2.

28 4. The Commission shall review the plan for the implementation of the  
29 expanded solar access program submitted pursuant to subsection 3 and issue an  
30 order approving , with or without modifications, or denying the plan within 210  
31 days. The Commission ~~shall~~ may approve the plan if it finds that the proposed  
32 expanded solar access program complies with the regulations adopted by the  
33 Commission pursuant to subsection 2.

34 5. In administering the provisions of this section, the electric utility and the  
35 Commission shall establish as the preferred sites for utility scale development of  
36 solar energy resources pursuant to this section brownfield sites and land  
37 designated by the Secretary of the Interior as Solar Energy Zones and held by the  
38 Bureau of Land Management.

39 6. As used in this section:

40 (a) "Brownfield site" has the meaning ascribed to it in 42 U.S.C. § 9601.

41 (b) "Community-based solar resource" means a solar resource which has a  
42 nameplate capacity of not more than 1 megawatt and is owned and operated by  
43 the electric utility and connected to and used as a component of the distribution  
44 system of the electric utility.

45 (c) "Disadvantaged business" means a business for which:

46 (1) Fifty-one percent or more of the owners are women, veterans,  
47 members of a racial or ethnic minority group or otherwise part of a traditionally  
48 underrepresented group; and

49 (2) None of the owners has a net worth of more than \$250,000, not  
50 including the equity held in the business or in a primary residence.

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

52 (e) "Electric utility that primarily serves densely populated counties" has the  
53 meaning ascribed to it in NRS 704.110.

(f) *“Electric utility that primarily serves less densely populated counties” has the meaning ascribed to it in NRS 704.110.*

(g) *“Eligible customer” means:*

(1) *A fully bundled general service customer; or*

(2) *A fully bundled residential customer of a utility.*

(h) *“Fully bundled customer” means a customer of an electric utility who receives energy, transmission, distribution and ancillary services from an electric utility.*

(i) *“Fully bundled general service customer” means a fully bundled customer who is a nonresidential customer with a kilowatt-hour consumption that does not exceed 10,000 kilowatt-hours per month.*

~~(j)~~ (j) *“Fully bundled residential customer” means a fully bundled ~~single-family~~ customer who is a single-family or a multifamily residential customer.*

~~(k)~~ (k) *“Low-income eligible customer” means a natural person or household who is a fully bundled residential customer of a utility and has an income of not more than 80 percent of the area median income based on the guidelines published by the United States Department of Housing and Urban Development.*

~~(l)~~ (l) *“Solar Energy Zone” means an area identified and designated by the Bureau of Land Management as an area well-suited for utility-scale production of solar energy, and where the Bureau of Land Management will prioritize solar energy and associated transmission infrastructure development.*

~~(m)~~ (m) *“Solar resource” means a facility or energy system that uses a solar photovoltaic device to generate electricity.*

~~(n)~~ (n) *“Solar workforce innovations and opportunity program” means a workforce education, training and job placement program developed by the Department of Employment, Training and Rehabilitation and its appropriate industry sector council in conjunction with potential employers and community stakeholders.*

~~(o)~~ (o) *“Utility scale solar resource” means a solar resource which has a nameplate capacity of at least 50 megawatts and is interconnected directly to a substation of the electric utility through a generation step-up transformer.*

**Sec. 2.** NRS 704.100 is hereby amended to read as follows:

704.100 1. Except as otherwise provided in NRS 704.075 and 704.68861 to 704.68887, inclusive, *and section 1 of this act* or as may otherwise be provided by the Commission pursuant to NRS 704.095 or 704.097:

(a) A public utility shall not make changes in any schedule, unless the public utility:

(1) Files with the Commission an application to make the proposed changes and the Commission approves the proposed changes pursuant to NRS 704.110; or

(2) Files the proposed changes with the Commission using a letter of advice in accordance with the provisions of paragraph (f) or (g).

(b) A public utility shall adjust its rates on a quarterly basis between annual rate adjustment applications pursuant to subsection 8 of NRS 704.110 based on changes in the public utility’s recorded costs of natural gas purchased for resale.

(c) An electric utility shall, between annual deferred energy accounting adjustment applications filed pursuant to NRS 704.187, adjust its rates on a quarterly basis pursuant to subsection 10 of NRS 704.110.

(d) 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.

(e) 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.

(f) Except as otherwise provided in paragraph (g), if the proposed change in any schedule does not change any rate or will result in an increase in annual gross operating revenue in an amount that does not exceed \$15,000:

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

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

➤ A letter of advice filed pursuant to this paragraph must include a certification by the attorney for the public utility or an affidavit by an authorized representative of the public utility that to the best of the signatory's knowledge, information and belief, formed after a reasonable inquiry, the proposed change in schedule does not change any rate or result in an increase in the annual gross operating revenue of the public utility in an amount that exceeds \$15,000.

(g) If the applicant is a small-scale provider of last resort and the proposed change in any schedule will result in an increase in annual gross operating revenue in an amount that does not exceed \$50,000 or 10 percent of the applicant's annual gross operating revenue, whichever is less:

(1) The small-scale provider of last resort may file the proposed change with the Commission using a letter of advice in lieu of filing an application if the small-scale provider of last resort:

(I) Includes with the letter of advice a certification by the attorney for the small-scale provider of last resort or an affidavit by an authorized representative of the small-scale provider of last resort that to the best of the signatory's knowledge, information and belief, formed after a reasonable inquiry, the proposed change in schedule does not change any rate or result in an increase in the annual gross operating revenue of the small-scale provider of last resort in an amount that exceeds \$50,000 or 10 percent, whichever is less;

(II) Demonstrates that the proposed change in schedule is required by or directly related to a regulation or order of the Federal Communications Commission; and

(III) Except as otherwise provided in subsection 2, files the letter of advice not later than 5 years after the Commission has issued a final order on a general rate application filed by the applicant in accordance with subsection 3 of NRS 704.110; and

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

➤ Not later than 10 business days after the filing of a letter of advice pursuant to subparagraph (1), the Regulatory Operations Staff of the Commission or any other interested party may file with the Commission a request that the Commission order an applicant to file a general rate application in accordance with subsection 3 of NRS 704.110. The Commission may hold a hearing to consider such a request.

(h) In making the determination pursuant to paragraph (f) or (g), 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.

2. An applicant that is a small-scale provider of last resort may submit to the Commission a written request for a waiver of the 5-year period specified in sub-

subparagraph (III) of subparagraph (1) of paragraph (g) of subsection 1. The Commission shall, not later than 90 days after receipt of such a request, issue an order approving or denying the request. The Commission may approve the request if the applicant provides proof satisfactory to the Commission that the applicant is not earning more than the rate of return authorized by the Commission and that it is in the public interest for the Commission to grant the request for a waiver. The Commission shall not approve a request for a waiver if the request is submitted later than 7 years after the issuance by the Commission of a final order on a general rate application filed by the applicant in accordance with subsection 3 of NRS 704.110. If the Commission approves a request for a waiver submitted pursuant to this subsection, the applicant shall file the letter of advice pursuant to subparagraph (1) of paragraph (g) of subsection 1 not earlier than 120 days after the date on which the applicant submitted the request for a waiver pursuant to this subsection, unless the order issued by the Commission approving the request for a waiver specifies a different period for the filing of the letter of advice.

3. As used in this section, "electric utility" has the meaning ascribed to it in NRS 704.187.

**Sec. 3. 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, and section 1 of this act, 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 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 shall also consider evidence supporting expenses for depreciation, calculated on an annual basis, applicable to major components of the public utility's plant placed into service during the recorded test period or the period for certification as set forth in the application. Adjustments to revenues, operating expenses and costs of securities must be calculated on an annual basis. Within 90 days after the date on which the



certification required by this subsection is filed with the Commission, or within the period set forth in subsection 2, whichever time is longer, the Commission shall make such order in reference to the increased rates as is required by this chapter. The following public utilities shall each file a general rate application pursuant to this subsection based on the following schedule:

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

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

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

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

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

4. In addition to submitting the statement required pursuant to subsection 3, a public utility may submit with its general rate application a statement showing the effects, on an annualized basis, of all expected changes in circumstances. If such a statement is filed, it must include all increases and decreases in revenue and expenses which may occur within 210 days after the date on which its general rate application is filed with the Commission if such expected changes in circumstances are reasonably known and are measurable with reasonable accuracy. If a public utility submits such a statement, the public utility has the burden of proving that the expected changes in circumstances set forth in the statement are reasonably known and are measurable with reasonable accuracy. The Commission shall consider expected changes in circumstances to be reasonably known and measurable with reasonable accuracy if the expected changes in circumstances consist of specific and identifiable events or programs rather than general trends, patterns or developments, have an objectively high probability of occurring to the degree, in the amount and at the time expected, are primarily measurable by recorded or verifiable revenues and expenses and are easily and objectively calculated, with the

1 calculation of the expected changes relying only secondarily on estimates,  
2 forecasts, projections or budgets. If the Commission determines that the public  
3 utility has met its burden of proof:

4 (a) The Commission shall consider the statement submitted pursuant to this  
5 subsection and evidence relevant to the statement, including all reasonable  
6 projected or forecasted offsets in revenue and expenses that are directly attributable  
7 to or associated with the expected changes in circumstances under consideration, in  
8 addition to the statement required pursuant to subsection 3 as evidence in  
9 establishing just and reasonable rates for the public utility; and

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

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

16 6. If a public utility files with the Commission a general rate application, the  
17 public utility shall not file with the Commission another general rate application  
18 until all pending general rate applications filed by that public utility have been  
19 decided by the Commission unless, after application and hearing, the Commission  
20 determines that a substantial financial emergency would exist if the public utility is  
21 not permitted to file another general rate application sooner. The provisions of this  
22 subsection do not prohibit the public utility from filing with the Commission, while  
23 a general rate application is pending, an application to recover the increased cost of  
24 purchased fuel, purchased power, or natural gas purchased for resale pursuant to  
25 subsection 7, a quarterly rate adjustment pursuant to subsection 8 or 10, any  
26 information relating to deferred accounting requirements pursuant to NRS 704.185  
27 or an annual deferred energy accounting adjustment application pursuant to NRS  
28 704.187, if the public utility is otherwise authorized to so file by those provisions.

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

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

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

36 8. A public utility which purchases natural gas for resale must request  
37 approval from the Commission to adjust its rates on a quarterly basis between  
38 annual rate adjustment applications based on changes in the public utility's  
39 recorded costs of natural gas purchased for resale. A public utility which purchases  
40 natural gas for resale and which adjusts its rates on a quarterly basis may request  
41 approval from the Commission to make quarterly adjustments to its deferred energy  
42 accounting adjustment. The Commission shall approve or deny such a request not  
43 later than 120 days after the application is filed with the Commission. The  
44 Commission may approve the request if the Commission finds that approval of the  
45 request is in the public interest. If the Commission approves a request to make  
46 quarterly adjustments to the deferred energy accounting adjustment of a public  
47 utility pursuant to this subsection, any quarterly adjustment to the deferred energy  
48 accounting adjustment must not exceed 2.5 cents per therm of natural gas. If the  
49 balance of the public utility's deferred account varies by less than 5 percent from  
50 the public utility's annual recorded costs of natural gas which are used to calculate  
51 quarterly rate adjustments, the deferred energy accounting adjustment must be set  
52 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

1 and purchased power included in any quarterly rate adjustment or the annual  
2 deferred energy accounting adjustment application, and the electric utility has the  
3 burden of proving reasonableness and prudence in the proceeding.

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

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

15 (a) Submit with its annual deferred energy accounting adjustment application  
16 information relating to the cost of service and rate design; and

17 (b) Supplement its general rate application with the same information, if such  
18 information was not submitted with the general rate application.

19 13. A utility facility identified in a 3-year plan submitted pursuant to NRS  
20 704.741 and accepted by the Commission for acquisition or construction pursuant  
21 to NRS 704.751 and the regulations adopted pursuant thereto, or the retirement or  
22 elimination of a utility facility identified in an emissions reduction and capacity  
23 replacement plan submitted pursuant to NRS 704.7316 and accepted by the  
24 Commission for retirement or elimination pursuant to NRS 704.751 and the  
25 regulations adopted pursuant thereto, shall be deemed to be a prudent investment.  
26 The utility may recover all just and reasonable costs of planning and constructing,  
27 or retiring or eliminating, as applicable, such a facility. For the purposes of this  
28 subsection, a plan or an amendment to a plan shall be deemed to be accepted by the  
29 Commission only as to that portion of the plan or amendment accepted as filed or  
30 modified with the consent of the utility pursuant to NRS 704.751.

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

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

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

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

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

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

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

53 17. As used in this section:

1 (a) “Deferred energy accounting adjustment” means the rate of a public utility  
2 which purchases natural gas for resale or an electric utility that is calculated by  
3 dividing the balance of a deferred account during a specified period by the total  
4 therms or kilowatt-hours which have been sold in the geographical area to which  
5 the rate applies during the specified period ~~is~~, not including kilowatt-hours sold  
6 pursuant to an expanded solar access program established pursuant to section 1  
7 of this act.

8 (b) “Electric utility” has the meaning ascribed to it in NRS 704.187.

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

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