

ASSEMBLY BILL NO. 154—ASSEMBLYMEN ROBERTS, TOLLES,
NGUYEN, WATTS; AND MONROE-MORENO

FEBRUARY 18, 2021

JOINT SPONSOR: SENATOR HAMMOND

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises provisions governing certain notice provided
by public utilities. (BDR 58-510)

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

~

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

AN ACT relating to public utilities; authorizing public utilities to
provide certain notice to customers electronically;
revising certain requirements governing the quarterly rate
of adjustment provided by a public utility; and providing
other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law sets forth general standards and practices for public utilities. (NRS 704.143-704.1835) **Section 1** of this bill authorizes a public utility to provide by electronic transmission any notice that is required to be provided to a customer if the customer requests such transmission and it is within the capability of the public utility to provide the notice electronically. **Section 2** of this bill authorizes a public utility to provide notice of each quarterly rate adjustment to its customers electronically pursuant to **section 1** instead of with the customer's regular monthly bill as required under existing law. Existing law also requires the quarterly rate of adjustment to be printed on fluorescent colored paper separately from the customer's bill and prescribes the contents of the quarterly rate of adjustment. (NRS 704.110) **Section 2** of this bill: (1) removes the requirement that the quarterly rate of adjustment be printed on fluorescent colored paper separately from the bill; (2) provides that if the quarterly rate of adjustment is provided electronically, the subject line of the electronic transmission must indicate that such an adjustment is included in the transmission; and (3) requires the contents of the quarterly rate of adjustment to be in clear and bold text, regardless of the method of transmission.



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

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

3 *If notice is required to be provided by a public utility to a*
4 *customer pursuant to this chapter or the regulations adopted*
5 *pursuant thereto, the notice may be provided to the customer, if*
6 *requested by the customer and within the capability of the public*
7 *utility, by electronic transmission to the most recent electronic*
8 *mail address provided to the public utility by the customer.*

9 **Sec. 2.** NRS 704.110 is hereby amended to read as follows:

10 704.110 Except as otherwise provided in NRS 704.075,
11 704.68861 to 704.68887, inclusive, and 704.7865, or as may
12 otherwise be provided by the Commission pursuant to NRS
13 704.095, 704.097 or 704.7621:

14 1. If a public utility files with the Commission an application to
15 make changes in any schedule, including, without limitation,
16 changes that will result in a discontinuance, modification or
17 restriction of service, the Commission shall investigate the propriety
18 of the proposed changes to determine whether to approve or
19 disapprove the proposed changes. If an electric utility files such an
20 application and the application is a general rate application or an
21 annual deferred energy accounting adjustment application, the
22 Consumer's Advocate shall be deemed a party of record.

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

29 3. If a public utility files with the Commission a general rate
30 application, the public utility shall submit with its application a
31 statement showing the recorded results of revenues, expenses,
32 investments and costs of capital for its most recent 12 months for
33 which data were available when the application was prepared.
34 Except as otherwise provided in subsection 4, in determining
35 whether to approve or disapprove any increased rates, the
36 Commission shall consider evidence in support of the increased
37 rates based upon actual recorded results of operations for the same
38 12 months, adjusted for increased revenues, any increased
39 investment in facilities, increased expenses for depreciation, certain
40 other operating expenses as approved by the Commission and
41 changes in the costs of securities which are known and are
42 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:

(1) Not later than 5 p.m. on or before the first Monday in June 2019; and

(2) Once every 36 months thereafter or on a date specified in an alternative rate-making plan approved by the Commission pursuant to NRS 704.7621.

(b) An electric utility that primarily serves densely populated counties shall file a general rate application:

(1) Not later than 5 p.m. on or before the first Monday in June 2020; and

(2) Once every 36 months thereafter or on a date specified in an alternative rate-making plan approved by the Commission pursuant to NRS 704.7621.

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

(a) The Commission shall consider the statement submitted pursuant to this subsection and evidence relevant to the statement, including all reasonable projected or forecasted offsets in revenue and expenses that are directly attributable to or associated with the



* A B 1 5 4 R 1 *

1 expected changes in circumstances under consideration, in addition
2 to the statement required pursuant to subsection 3 as evidence in
3 establishing just and reasonable rates for the public utility; and

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

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

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

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

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

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

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



1 days after the application is filed with the Commission. The
2 Commission may approve the request if the Commission finds that
3 approval of the request is in the public interest. If the Commission
4 approves a request to make quarterly adjustments to the deferred
5 energy accounting adjustment of a public utility pursuant to this
6 subsection, any quarterly adjustment to the deferred energy
7 accounting adjustment must not exceed 2.5 cents per therm of
8 natural gas. If the balance of the public utility's deferred account
9 varies by less than 5 percent from the public utility's annual
10 recorded costs of natural gas which are used to calculate quarterly
11 rate adjustments, the deferred energy accounting adjustment must be
12 set to zero cents per therm of natural gas.

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

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

21 (b) The public utility shall provide written notice of each
22 quarterly rate adjustment to its customers by including the written
23 notice with a customer's regular monthly bill ~~[.]~~ *or by electronic*
24 *transmission pursuant to section 1 of this act.* The public utility
25 shall begin providing such written notice to its customers not later
26 than 30 days after the date on which the public utility files its
27 written notice with the Commission pursuant to paragraph (a). The
28 written notice ~~[that is included with a customer's regular monthly~~
29 ~~bill.]~~ *required by this paragraph:*

30 (1) Must be printed separately ~~[on fluorescent colored paper~~
31 ~~and must not be attached to the pages of the bill -.]~~, *if included with*
32 *the customer's regular monthly bill, or the subject line of the*
33 *electronic transmission must indicate that notice of a quarterly*
34 *rate adjustment is included, if provided by electronic transmission*
35 *pursuant to section 1 of this act; and*

36 (2) Must include the following ~~[.]~~ *in clear and bold text:*

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

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

43 (III) A statement that customers may send written
44 comments or protests regarding the rate adjustment to the
45 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



* A B 1 5 4 R 1 *

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 ~~or by electronic submission pursuant to section 1 of this act.~~ 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:]~~ **required by this paragraph:**

(1) Must be printed separately ~~[on fluorescent colored paper and must not be attached to the pages of the bill:]~~, **if included with the customer's regular monthly bill, or the subject line of the electronic transmission must indicate that notice of a quarterly rate adjustment is included, if provided by electronic transmission pursuant to section 1 of this act;** and

(2) Must include the following ~~[]~~ **in clear and bold text:**

(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



1 elimination of a utility facility identified in an emissions reduction
2 and capacity replacement plan submitted pursuant to NRS 704.7316
3 and accepted by the Commission for retirement or elimination
4 pursuant to NRS 704.751 and the regulations adopted pursuant
5 thereto, shall be deemed to be a prudent investment. The utility may
6 recover all just and reasonable costs of planning and constructing, or
7 retiring or eliminating, as applicable, such a facility. For the
8 purposes of this subsection, a plan or an amendment to a plan shall
9 be deemed to be accepted by the Commission only as to that portion
10 of the plan or amendment accepted as filed or modified with the
11 consent of the utility pursuant to NRS 704.751.

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

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

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

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

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

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

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

37 17. As used in this section:

38 (a) "Deferred energy accounting adjustment" means the rate of a
39 public utility which purchases natural gas for resale or an electric
40 utility that is calculated by dividing the balance of a deferred
41 account during a specified period by the total therms or kilowatt-
42 hours which have been sold in the geographical area to which the
43 rate applies during the specified period, not including kilowatt-hours
44 sold pursuant to an expanded solar access program established
45 pursuant to NRS 704.7865.



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

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

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

