

SENATE BILL NO. 417—COMMITTEE ON
GROWTH AND INFRASTRUCTURE

MARCH 20, 2025

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises provisions relating to natural gas utilities.
(BDR 58-1106)

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 natural gas utilities; requiring the Public Utilities Commission of Nevada to adopt regulations governing the filing of an application for the establishment of an alternative rate-making plan by a natural gas utility; setting forth certain requirements for the submission and approval of such an alternative rate-making plan; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law sets forth certain procedures for a public utility to make changes to a general rate schedule by applying to Public Utilities Commission of Nevada. (NRS 704.100, 704.110) **Section 11** of this bill requires the Commission to adopt regulations establishing procedures for a natural gas utility to apply to the Commission for the approval of an alternative rate-making plan, which establishes the alternative rate-making mechanisms that the natural gas utility is authorized to use to set rates during the time period of the plan. The regulations adopted by the Commission must: (1) establish the alternative rate-making mechanisms that may be included in a plan and any limitations on such alternative rate-making mechanisms; (2) prescribe the information that must be included in an alternative rate-making plan and an application for the approval of such a plan; (3) specify the circumstances under which a natural gas utility for which an alternative rate-making plan has been approved must file a general rate application; (4) provide a process to educate customers of a natural gas utility regarding alternative rate-making mechanisms; (5) require a natural gas utility for which an alternative rate-making plan has been approved to keep certain records; and (6) establish criteria for the evaluation of an alternative rate-making plan. Additionally, **section 11** authorizes the Commission to adopt regulations to establish one or more methods to establish a formula for a formula rate.

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Section 12 of this bill authorizes a natural gas utility to submit an application to establish an alternative rate-making plan pursuant to the regulations adopted by the Commission, establishes time limits for the Commission to approve or deny such an application and requires the Commission to conduct a consumer session before taking action on such an application. **Section 12** requires an application for the approval of an alternative rate-making plan to include a plan to educate the customers of the natural gas utility regarding the alternative rate-making mechanisms in the plan proposed by the utility. **Section 12** prohibits the Commission from approving an alternative rate-making plan unless the Commission determines that the plan meets certain requirements. **Section 12** also authorizes an alternative rate-making plan to include certain provisions, including, without limitation, a mechanism for earnings-sharing with the customers of the utility. Additionally, **section 12** authorizes a natural gas utility to reject an application for an alternative rate-making plan with modifications approved by the Commission. Finally, **section 12** authorizes the Commission to investigate and change rates, tolls, charges, rules, regulations, practices and services relating to an alternative rate-making plan under certain circumstances. **Section 13** of this bill provides that the provisions of this bill do not limit the existing rate-making authority of the Commission.

Sections 3-10 of this bill define certain terms relating to alternative rate-making plans.

Sections 14 and 15 of this bill create exceptions from the procedure set forth in existing law to change a general rate schedule to authorize a natural gas utility to file an application to establish an alternative rate-making plan pursuant to **section 12**.

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 the provisions set forth as sections 2 to 13, inclusive, of this act.

Sec. 2. *As used in sections 2 to 13, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 10, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 3. *“Alternative rate-making mechanism” means a rate-making mechanism in an alternative rate-making plan and includes, without limitation, performance-based rates, formula rates, multi-year rate plans, an earnings-sharing mechanism, decoupling mechanism or any other rate-making mechanism authorized by the Commission by regulation.*

Sec. 4. *“Alternative rate-making plan” means a plan that would implement one or more alternative rate-making mechanisms to be used in addition to or in place of the rate-making process established by NRS 704.110.*

Sec. 5. *“Decoupling mechanism” means a mechanism that disassociates a natural gas utility’s financial performance and results from the sales of natural gas by the natural gas utility.*

1 **Sec. 6.** *“Earnings-sharing mechanism” means a mechanism*
2 *designed by the Commission that requires a natural gas utility to*
3 *share earnings with its customers.*

4 **Sec. 7.** *“Formula rates” means rates that are periodically*
5 *adjusted based on a predetermined formula approved by the*
6 *Commission without the need for a natural gas utility to file a*
7 *general rate application pursuant to NRS 704.110.*

8 **Sec. 8.** *“Multi-year rate plan” means a rate mechanism*
9 *under which the Commission sets rates and revenue requirements*
10 *for a multi-year plan period of more than 36 months, including,*
11 *without limitation, a plan which authorizes periodic changes in*
12 *rates, including, without limitation, adjustments to account for*
13 *inflation or capital investments, without a general rate application.*

14 **Sec. 9.** *“Natural gas utility” means a public utility which*
15 *purchases natural gas for resale.*

16 **Sec. 10.** *“Performance-based rates” means rates that are set*
17 *or adjusted based on the performance of a natural gas utility, as*
18 *determined by such performance metrics as the Commission may*
19 *establish.*

20 **Sec. 11.** 1. *The Commission shall adopt regulations to*
21 *establish procedures for a natural gas utility to apply to the*
22 *Commission for the approval of an alternative rate-making plan.*
23 *The regulations must:*

24 (a) *Establish the alternative rate-making mechanisms that may*
25 *be included in such a plan and any limitations on such alternative*
26 *rate-making mechanisms as the Commission deems appropriate,*
27 *including, without limitation, any restrictions on the types of*
28 *alternative rate-making mechanisms that may be used in concert*
29 *within the same alternative rate-making plan.*

30 (b) *Prescribe the information that must be included in an*
31 *alternative rate-making plan and an application submitted in*
32 *accordance with the regulations adopted pursuant to this section.*

33 (c) *Specify the circumstances under which a natural gas utility*
34 *for which the Commission has approved an alternative rate-*
35 *making plan is required to file a general rate application pursuant*
36 *to NRS 704.110, including, without limitation, if the alternative*
37 *rate-making plan ceases to meet the criteria established by the*
38 *Commission pursuant to paragraph (g) or after any period of time*
39 *established by regulation of the Commission.*

40 (d) *Provide a process to educate customers of a natural gas*
41 *utility regarding the available alternative rate-making mechanisms*
42 *that may be included in an alternative rate-making plan.*

43 (e) *Establish requirements for a natural gas utility for which*
44 *the Commission has approved an alternative rate-making plan to*
45 *keep or cause to be kept any information and records which the*

1 natural gas utility would have been required to submit to the
2 Commission as part of an application filed pursuant to NRS
3 704.110 or 704.185, if the filing of any such application is delayed
4 or excused pursuant to the alternative rate-making plan.

5 (f) If the Commission determines that it is practicable, require
6 a natural gas utility to include in its application for the approval of
7 an alternative rate-making plan:

8 (1) One or more cost-of-service studies; and

9 (2) An analysis estimating and comparing:

10 (I) The rates that would be charged and the revenue that
11 would be collected under the alternative rate-making plan
12 proposed in the application; and

13 (II) The rates that would be charged and the revenue
14 that would be collected pursuant to the rate-making process
15 established by NRS 704.110.

16 (g) Establish the criteria for the evaluation of an alternative
17 rate-making plan for a natural gas utility which may include,
18 without limitation, whether the plan:

19 (1) Provides for just and reasonable rates that are
20 comparable to rates established pursuant to NRS 704.110; and

21 (2) Ensures that customers of a natural gas utility benefit
22 from lower regulatory administrative costs where appropriate.

23 (3) Aligns an economically viable utility model with state public
24 policy goals.

(4) Balances the interests of customers and shareholders by
25 providing for services that customers want while preserving
26 reasonable shareholder value.

~~25 2. The Commission may adopt regulations to establish one or
26 more methods to establish a formula for a formula rate. Such
27 methods may include, without limitation:~~

~~28 (a) The recovery of the costs of a capital expenditure incurred
29 by the natural gas utility, as adjusted for any accumulated
30 depreciation, deferred taxes, property taxes and any other costs
31 established by the Commission; or~~

~~32 (b) An annual attrition adjustment based on the Consumer
33 Price Index published by the United States Department of Labor
34 and approved by the Commission for the purposes of the
35 alternative rate-making plan.~~

36 ¶ 2. The Commission is not required to accept applications to
37 establish an alternative rate-making plan if the Commission
38 determines, after a reasonable investigation, that the use of an
39 alternative rate-making plan is not consistent with the criteria
40 established by the Commission pursuant to paragraph (g) of
41 subsection 1.

42 Sec. 12. 1. Except as otherwise provided in subsection 3 of

43 *section 11 of this act and in accordance with the regulations*
44 *adopted by the Commission pursuant to section 11 of this act, not*
45 *earlier than the date on which the Commission first adopts*
46 *regulations pursuant to section 11 of this act, a natural gas utility*
47 *may apply to the Commission to establish an alternative rate-*

1 making plan which sets forth the alternative rate-making
2 mechanisms to be used to establish rates during the time period
3 covered by the plan.

4 2. A natural gas utility may file an application pursuant to
5 subsection 1:

6 (a) At the same time the natural gas utility files a general rate
7 application pursuant to NRS 704.110; or

8 (b) Not later than 6 months after the date on which the
9 Commission issues an order approving a general rate application
10 filed by the natural gas utility pursuant to NRS 704.110.

11 3. The Commission shall approve, with or without
12 modifications, or deny an application submitted pursuant to
13 subsection 1 not later than 210 days after the Commission receives
14 a copy of the application unless the Commission, upon good
15 cause, extends by not more than 90 days the time to act upon the
16 application. If the Commission fails to act upon an application
17 within the time provided by this subsection, the application shall
18 be deemed to be denied.

19 4. Except as otherwise provided in this subsection, the
20 Commission shall conduct at least one consumer session pursuant
21 to NRS 704.069 to solicit comments from the public before taking
22 action on an application submitted pursuant to subsection 1. ~~If a
23 natural gas utility provides services in more than one major
24 geographic area in this State, the Commission shall conduct at
25 least one consumer session in the county with the largest
26 population for each major geographic area in which the natural
27 gas utility provides services before taking action on an application.
28 As used in this subsection, "major geographic area" means any
29 geographic area in this State that includes a county whose
30 population is 52,000 or more.~~

31 5. The Commission shall not approve an application
32 submitted pursuant to subsection 1 unless the Commission
33 determines that the plan:

34 (a) Is in the public interest;

35 (b) Results in just and reasonable rates, as determined by the
36 Commission;

37 (c) Protects the interests of the customers of the natural gas
38 utility;

39 (d) Satisfies the criteria established by the Commission
40 pursuant to paragraph (g) of subsection 1 of section 11 of this act;

41 (e) Specifies the time period to which the plan applies; and

42 (f) Includes a plan for educating the customers of the natural
43 gas utility regarding the alternative rate-making mechanisms
44 included in the plan.

1 6. An alternative rate-making plan may include, without
2 limitation:

3 (a) An earnings-sharing mechanism that balances the interests
4 of customers that purchase natural gas for consumption in this
5 State and the shareholders of the natural gas utility; and

6 (b) Any other term or condition proposed by a natural gas
7 utility or any party participating in the proceeding or that the
8 Commission finds is reasonable and serves the public interest.

9 7. If the Commission approves an application for an
10 alternative rate-making plan that authorizes the recovery of the
11 costs of a capital expenditure pursuant to the regulations adopted
12 pursuant to subsection 2 of section 11 of this act, the natural gas
13 utility must prove that the capital expenditure was prudent at the
14 time the natural gas utility files a general rate application
15 pursuant to NRS 704.110 or at any time established by regulation
16 of the Commission.

17 8. If the Commission approves an application for an
18 alternative rate-making plan with modifications pursuant to
19 subsection 3, the natural gas utility may accept or reject the
20 modified alternative rate-making plan by filing a notice with
21 the Commission not later than 30 days after the date on which the
22 Commission issues an order approving the application. If a
23 natural gas utility files a notice to reject the modified alternative
24 rate-making plan, the alternative rate-making plan shall be
25 deemed withdrawn and:

26 (a) If a general rate application was filed at the same time as
27 the application for the alternative rate-making plan and the
28 general rate application or any portion thereof was approved, the
29 rates approved in the general rate application shall be deemed in
30 effect. To the extent that a portion of a general rate application is
31 approved, the rates that were in effect before the portion of the
32 general rate application was approved by the Commission remain
33 in effect for any portion of the general rate application not
34 approved by the Commission until changed or modified by the
35 Commission.

36 (b) If a general rate application was not filed at the same time
37 as the application for the alternative rate-making plan, the rates
38 that were in effect before the modified alternative rate-making
39 plan was approved remain in effect until changed or modified by
40 the Commission.

41 9. The Commission may at any time, upon its own motion or
42 after receiving a complaint from any customer, the Consumer's
43 Advocate or the Regulatory Operations Staff of the Commission,
44 investigate any of the rates, tolls, charges, rules, regulations,
45 practices and services relating to the alternative rate-making plan,

1 *and, after a full hearing as provided in NRS 704.120, by order,*
2 *make such changes as may be just and reasonable to the same*
3 *extent as authorized by NRS 704.120.*

4 **Sec. 13.** *The provisions of sections 2 to 12, inclusive, of this*
5 *act must not be construed to limit the existing rate-making*
6 *authority of the Commission.*

7 **Sec. 14.** NRS 704.100 is hereby amended to read as follows:

8 704.100 1. Except as otherwise provided in NRS 704.075,
9 704.68861 to 704.68887, inclusive, 704.7865 and 704.7867, or as
10 may otherwise be provided by the Commission pursuant to NRS
11 704.095, 704.097 or 704.7621 ~~H~~ **or section 12 of this act:**

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

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

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

20 (b) A public utility shall adjust its rates on a quarterly basis
21 between annual rate adjustment applications pursuant to subsection
22 8 of NRS 704.110 based on changes in the public utility's recorded
23 costs of natural gas purchased for resale.

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

28 (d) A public utility shall post copies of all proposed schedules
29 and all new or amended schedules in the same offices and in
30 substantially the same form, manner and places as required by NRS
31 704.070 for the posting of copies of schedules that are currently in
32 force.

33 (e) A public utility may not set forth as justification for a rate
34 increase any items of expense or rate base that previously have been
35 considered and disallowed by the Commission, unless those items
36 are clearly identified in the application and new facts or
37 considerations of policy for each item are advanced in the
38 application to justify a reversal of the prior decision of the
39 Commission.

40 (f) Except as otherwise provided in paragraph (g), if the
41 proposed change in any schedule does not change any rate or will
42 result in an increase in annual gross operating revenue in an amount
43 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. 15. NRS 704.110 is hereby amended to read as follows:

704.110 Except as otherwise provided in NRS 704.075, 704.68861 to 704.68887, inclusive, and 704.7865, or as may otherwise be provided by the Commission pursuant to NRS 704.095, 704.097 or 704.7621 ~~H~~ **or section 12 of this act:**

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

1 date on which the application is filed, issue a written order
2 approving or disapproving, in whole or in part, the proposed
3 changes.

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

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

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

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

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

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

(2) At least 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

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

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

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

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

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

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

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

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

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

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

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

38 (b) The public utility shall provide written notice of each
39 quarterly rate adjustment to its customers by including the written
40 notice with a customer's regular monthly bill or by electronic
41 transmission pursuant to NRS 704.188. The public utility shall
42 begin providing such written notice to its customers not later than 30
43 days after the date on which the public utility files its written notice
44 with the Commission pursuant to paragraph (a). The written notice
45 required by this paragraph:

(1) Must be printed separately, 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 NRS 704.188; and

(2) Must include the following in clear and bold text:

(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

1 fuel or purchased power. In addition to adjusting its rates on a
2 quarterly basis, an electric utility may request approval from the
3 Commission to make quarterly adjustments to its deferred energy
4 accounting adjustment. The Commission shall approve or deny such
5 a request not later than 120 days after the application is filed with
6 the Commission. The Commission may approve the request if the
7 Commission finds that approval of the request is in the public
8 interest. If the Commission approves a request to make quarterly
9 adjustments to the deferred energy accounting adjustment of an
10 electric utility pursuant to this subsection, any quarterly adjustment
11 to the deferred energy accounting adjustment must not exceed 0.25
12 cents per kilowatt-hour of electricity. If the balance of the electric
13 utility's deferred account varies by less than 5 percent from the
14 electric utility's annual recorded costs for purchased fuel or
15 purchased power which are used to calculate quarterly rate
16 adjustments, the deferred energy accounting adjustment must be set
17 to zero cents per kilowatt-hour of electricity.

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

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

34 (b) The electric utility shall provide written notice of each
35 quarterly rate adjustment to its customers by including the written
36 notice with a customer's regular monthly bill or by electronic
37 submission pursuant to NRS 704.188. The electric utility shall begin
38 providing such written notice to its customers not later than 30 days
39 after the date on which the electric utility files a written notice with
40 the Commission pursuant to paragraph (a). The written notice
41 required by this paragraph:

42 (1) Must be printed separately, if included with the
43 customer's regular monthly bill, or the subject line of the electronic
44 transmission must indicate that notice of a quarterly rate adjustment

1 is included, if provided by electronic transmission pursuant to NRS
2 704.188; and

3 (2) Must include the following in clear and bold text:

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

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

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

13 (IV) A statement that the transactions and recorded costs
14 of purchased fuel or purchased power which are the basis for any
15 quarterly rate adjustment will be reviewed for reasonableness and
16 prudence in the next proceeding held by the Commission to review
17 the annual deferred energy accounting adjustment application
18 pursuant to paragraph (d); and

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

20 (c) The electric utility shall file an annual deferred energy
21 accounting adjustment application pursuant to NRS 704.187 with
22 the Commission. The annual deferred energy accounting adjustment
23 application is subject to the requirements for notice and a hearing
24 pursuant to NRS 703.320 and the requirements for a consumer
25 session pursuant to subsection 1 of NRS 704.069.

26 (d) The proceeding regarding the annual deferred energy
27 accounting adjustment application must include a review of each
28 quarterly rate adjustment and the transactions and recorded costs of
29 purchased fuel and purchased power included in each quarterly
30 filing and the annual deferred energy accounting adjustment
31 application. There is no presumption of reasonableness or prudence
32 for any quarterly rate adjustment or for any transactions or recorded
33 costs of purchased fuel and purchased power included in any
34 quarterly rate adjustment or the annual deferred energy accounting
35 adjustment application, and the electric utility has the burden of
36 proving reasonableness and prudence in the proceeding.

37 (e) The Commission shall not allow the electric utility to recover
38 any recorded costs of purchased fuel and purchased power which
39 were the result of any practice or transaction that was unreasonable
40 or was undertaken, managed or performed imprudently by the
41 electric utility, and the Commission shall order the electric utility to
42 adjust its rates if the Commission determines that any recorded costs
43 of purchased fuel and purchased power included in any quarterly
44 rate adjustment or the annual deferred energy accounting adjustment
45 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

1 adjustment and to subsequently make annual adjustments to its
2 deferred energy accounting adjustment. The Commission may
3 approve an application submitted pursuant to this subsection if the
4 Commission finds that approval of the application is in the public
5 interest.

6 17. As used in this section:

7 (a) “Deferred energy accounting adjustment” means the rate of a
8 public utility which purchases natural gas for resale or an electric
9 utility that is calculated by dividing the balance of a deferred
10 account during a specified period by the total therms or kilowatt-
11 hours which have been sold in the geographical area to which the
12 rate applies during the specified period, not including kilowatt-hours
13 sold pursuant to an expanded solar access program established
14 pursuant to NRS 704.7865.

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

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

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

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