

SENATE BILL NO. 300—SENATOR BROOKS

MARCH 18, 2019

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises provisions governing the rates charged by electric utilities. (BDR 58-302)

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 electric utilities; authorizing an electric utility to file an application for the establishment of an alternative rate-making plan; requiring the Public Utilities Commission of Nevada to adopt regulations governing the filing of such an application; revising the dates for the filing of general rate applications by electric utilities; repealing certain duties of the Commission relating to determining the impact of net metering on rates charged by electric utilities; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1     **Section 16** of this bill requires the Public Utilities Commission of Nevada to  
2 adopt regulations establishing procedures for an electric utility to apply to the  
3 Commission for the approval of an alternative rate-making plan, which establishes  
4 the alternative rate-making mechanisms that the utility is authorized to use to set  
5 rates during the time period of the plan. The regulations adopted by the  
6 Commission must: (1) establish the alternative rate-making mechanisms that may  
7 be included in a plan and any limitations on such alternative rate-making  
8 mechanisms; (2) provide the information that must be included in an alternative  
9 rate-making plan and an application for the approval of such a plan; (3) specify the  
10 circumstances under which an electric utility for which an alternative rate-making  
11 plan has been approved must file a general rate application; (4) provide a process to  
12 educate customers of an electric utility regarding alternative rate-making  
13 mechanisms; (5) require an electric utility for which an alternative rate-making plan  
14 has been approved to keep certain records; and (6) establish criteria for the  
15 evaluation of an alternative rate-making plan.

16     **Section 17** of this bill authorizes an electric utility to submit an application to  
17 establish an alternative rate-making plan pursuant to the regulations adopted by the  
18 Commission, establishes time limits for the Commission to approve or deny such



19 an application and requires the Commission to conduct a consumer session before  
20 taking action on such an application. **Section 17** requires an application for the  
21 approval of an alternative rate-making plan to include a plan to educate the  
22 customers of the electric utility regarding the alternative rate-making mechanisms  
23 in the plan proposed by the utility. **Section 17** provides that the Commission may  
24 only approve an application for the approval of an alternative rate-making plan if  
25 the Commission determines that the plan meets certain requirements. **Section 17**  
26 also authorizes an alternative rate-making plan to include certain provisions,  
27 including a mechanism for earnings sharing with the customers of the utility and a  
28 term or condition waiving the requirement for the utility to file a general rate  
29 application every 36 months. Finally, **section 17** authorizes the Commission to  
30 investigate and change rates, tolls, charges, rules, regulations, practices and service  
31 relating to an alternative rate-making plan under certain circumstances. **Section 19**  
32 of this bill makes a conforming change.

33 **Section 20** of this bill revises the dates by which electric utilities must file  
34 general rate applications.

35 **Section 21.5** of this bill eliminates a requirement for the Commission to open  
36 an investigatory docket to establish methods to determine the impact of net  
37 metering on rates charged by an electric utility and to submit a biennial report to the  
38 Legislature concerning the impact of net metering on such rates. **Sections 3.1-3.9**  
39 **and 20.1-20.7** of this bill make conforming changes.

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

1 **Section 1.** (Deleted by amendment.)

2 **Sec. 2.** (Deleted by amendment.)

3 **Sec. 3.** (Deleted by amendment.)

4 **Sec. 3.1.** NRS 701.380 is hereby amended to read as follows:  
5 701.380 1. The Director shall:

6 (a) Coordinate the activities and programs of the Office of  
7 Energy with the activities and programs of the Consumer's  
8 Advocate and the Public Utilities Commission of Nevada, and with  
9 other federal, state and local officers and agencies that promote,  
10 fund, administer or operate activities and programs related to the use  
11 of renewable energy and the use of measures which conserve or  
12 reduce the demand for energy or which result in more efficient use  
13 of energy.

14 (b) Spend the money in the Trust Account for Renewable  
15 Energy and Energy Conservation to:

16 (1) Educate persons and entities concerning renewable  
17 energy and measures which conserve or reduce the demand for  
18 energy or which result in more efficient use of energy.

19 (2) Create incentives for investment in and the use of  
20 renewable energy and measures which conserve or reduce the  
21 demand for energy or which result in more efficient use of energy.

22 (3) Distribute grants and other money to establish programs  
23 and projects which incorporate the use of renewable energy and



1 measures which conserve or reduce the demand for energy or which  
2 result in more efficient use of energy.

3 (4) Conduct feasibility studies, including, without limitation,  
4 any feasibility studies concerning the establishment or expansion of  
5 any grants, incentives, rebates or other programs to enable or assist  
6 persons to reduce the cost of purchasing distributed generation  
7 systems and on-site generation systems and net metering systems  
8 that use renewable energy.

9 (c) Take any other actions that the Director deems necessary to  
10 carry out the duties of the Office of Energy, including, without  
11 limitation, contracting with consultants, if necessary, for the  
12 purposes of program design or to assist the Director in carrying out  
13 the duties of the Office.

14 2. The Director shall prepare an annual report concerning the  
15 activities and programs of the Office of Energy and submit the  
16 report to the Legislative Commission and the Governor on or before  
17 January 30 of each year. The annual report must include, without  
18 limitation:

19 (a) A description of the objectives of each activity and program;

20 (b) An analysis of the effectiveness and efficiency of each  
21 activity and program in meeting the objectives of the activity or  
22 program;

23 (c) The amount of money distributed for each activity and  
24 program from the Trust Account for Renewable Energy and Energy  
25 Conservation and a detailed description of the use of that money for  
26 each activity and program;

27 (d) An analysis of the coordination between the Office of  
28 Energy and other officers and agencies; and

29 (e) Any changes planned for each activity and program.

30 3. As used in this section:

31 (a) "Distributed generation system" means a facility or system  
32 for the generation of electricity that is in close proximity to the place  
33 where the electricity is consumed:

34 (1) That uses renewable energy as defined in NRS 704.7811  
35 to generate electricity;

36 (2) That is located on the property of a customer of an  
37 electric utility;

38 (3) That is connected on the customer's side of the electricity  
39 meter;

40 (4) That provides electricity primarily to offset customer load  
41 on that property; and

42 (5) The excess generation from which is periodically  
43 exported to the grid in accordance with the provisions governing net  
44 metering systems used by customer-generators pursuant to NRS  
45 704.766 to ~~704.777~~ 704.776, inclusive.



1 (b) "Electric utility" has the meaning ascribed to it in  
2 NRS 704.7571.

3 **Sec. 3.2.** NRS 701A.200 is hereby amended to read as  
4 follows:

5 701A.200 1. For purposes of the assessment of property  
6 pursuant to chapter 361 of NRS:

7 (a) Except as otherwise provided in paragraph (b), a qualified  
8 system is exempt from taxation.

9 (b) A qualified system is not exempt from taxation:

10 (1) During any period in which the qualified system is  
11 subject to another abatement or exemption pursuant to this chapter  
12 or NRS 361.045 to 361.159, inclusive, from the taxes imposed  
13 pursuant to chapter 361 of NRS; or

14 (2) If the system is constructed after July 1, 2009, and is part  
15 of a facility which is eligible for a partial abatement of taxes  
16 pursuant to NRS 701A.360.

17 2. The Nevada Tax Commission shall adopt such regulations as  
18 it determines to be necessary for the administration of this section.

19 3. As used in this section, "qualified system" means any  
20 system, method, construction, installation, machinery, equipment,  
21 device or appliance which is designed, constructed or installed in or  
22 adjacent to one or more buildings or an irrigation system in an  
23 agricultural operation to heat or cool the building or buildings or  
24 water used in the building or buildings, or to provide electricity used  
25 in the building or buildings or irrigation system regardless of  
26 whether the owner of the system, building or buildings or irrigation  
27 system participates in net metering pursuant to NRS 704.766 to  
28 ~~704.777,~~ 704.776, inclusive, by using:

29 (a) Energy from the wind or from solar devices;

30 (b) Geothermal resources;

31 (c) Energy derived from conversion of solid wastes; or

32 (d) Waterpower,

33 ↪ which conforms to standards established by regulation of the  
34 Nevada Tax Commission.

35 **Sec. 3.3.** NRS 701B.055 is hereby amended to read as follows:

36 701B.055 "Distributed generation system" means a system or  
37 facility for the generation of electricity:

38 1. That uses solar energy to generate electricity;

39 2. That is located on the property of a customer of an electric  
40 utility;

41 3. That is connected on the customer's side of the electricity  
42 meter;

43 4. That provides electricity primarily to offset customer load on  
44 that property; and



1 5. The excess generation from which is periodically exported  
2 to the grid in accordance with the provisions governing net metering  
3 systems used by customer-generators pursuant to NRS 704.766 to  
4 ~~704.777, 704.776~~, inclusive.

5 **Sec. 3.5.** NRS 701B.280 is hereby amended to read as follows:

6 701B.280 To be eligible for an incentive through the Solar  
7 Program, a solar energy system must meet the requirements for  
8 participation in net metering pursuant to the provisions of NRS  
9 704.766 to ~~704.777, 704.776~~, inclusive.

10 **Sec. 3.7.** NRS 701B.650 is hereby amended to read as follows:

11 701B.650 To be eligible for an incentive through the Wind  
12 Demonstration Program, a wind energy system must meet the  
13 requirements for participation in net metering pursuant to the  
14 provisions of NRS 704.766 to ~~704.777, 704.776~~, inclusive.

15 **Sec. 3.9.** NRS 701B.880 is hereby amended to read as follows:

16 701B.880 To be eligible for an incentive through the  
17 Waterpower Demonstration Program, the waterpower energy system  
18 must meet the requirements for participation in net metering  
19 pursuant to the provisions of NRS 704.766 to ~~704.777, 704.776~~,  
20 inclusive.

21 **Sec. 4.** Chapter 704 of NRS is hereby amended by adding  
22 thereto the provisions set forth as sections 5 to 18, inclusive, of this  
23 act.

24 **Sec. 5.** *As used in sections 5 to 18, inclusive, of this act,*  
25 *unless the context otherwise requires, the words and terms defined*  
26 *in sections 6 to 15, inclusive, of this act have the meanings*  
27 *ascribed to them in those sections.*

28 **Sec. 6.** *“Alternative rate-making mechanism” means a rate-*  
29 *making mechanism in an alternative rate-making plan and*  
30 *includes, without limitation, performance-based rates, formula*  
31 *rates, multi-year rate plans, subscription pricing, an earnings-*  
32 *sharing mechanism, decoupling mechanism or any other rate-*  
33 *making mechanism authorized by the Commission by regulation.*

34 **Sec. 7.** *“Alternative rate-making plan” means a plan that*  
35 *would implement one or more alternative rate-making*  
36 *mechanisms to be used in addition to or in place of the rate-*  
37 *making process established by NRS 704.110.*

38 **Sec. 8.** *“Decoupling mechanism” means a mechanism that*  
39 *disassociates an electric utility’s financial performance and results*  
40 *from the sales of electricity by the electric utility.*

41 **Sec. 9.** *“Earnings-sharing mechanism” means a mechanism*  
42 *designed by the Commission that requires an electric utility to*  
43 *share earnings with its customers.*

44 **Sec. 10.** *“Electric utility” has the meaning ascribed to it in*  
45 *NRS 704.187.*



1     **Sec. 11.** *“Formula rates” means rates that are periodically*  
2 *adjusted based on a predetermined formula approved by the*  
3 *Commission without the need for an electric utility to file a*  
4 *general rate application pursuant to NRS 704.110.*

5     **Sec. 12.** (Deleted by amendment.)

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

12     **Sec. 14.** *“Performance-based rates” means rates that are set*  
13 *or adjusted based on the performance of an electric utility as*  
14 *determined by such performance metrics as the Commission may*  
15 *establish.*

16     **Sec. 15.** *“Subscription pricing” means a rate offering to the*  
17 *customers of an electric utility that is based upon a set,*  
18 *subscription-based fee and may include other conditions for the*  
19 *subscription-based rate.*

20     **Sec. 16.** *The Commission shall adopt regulations to establish*  
21 *procedures for an electric utility to apply to the Commission for*  
22 *the approval of an alternative rate-making plan. The regulations*  
23 *must:*

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

30     2. *Provide the information that must be included in an*  
31 *alternative rate-making plan and an application submitted*  
32 *pursuant to the regulations adopted pursuant to this section.*

33     3. *Specify the circumstances under which an electric 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 subsection 7.*

39     4. *Provide a process to educate customers of an electric utility*  
40 *regarding the available alternative rate-making mechanisms that*  
41 *may be included in an alternative rate-making plan.*

42     5. *Establish requirements for an electric utility for which the*  
43 *Commission has approved an alternative rate-making plan to keep*  
44 *or cause to be kept any information and records which the utility*  
45 *would have been required to submit to the Commission as part of*



1 *an application pursuant to NRS 704.110 or 704.187, if the filing of*  
2 *any such application is delayed or excused pursuant to the*  
3 *alternative rate-making plan.*

4 *6. If the Commission determines that it is practicable, require*  
5 *an electric utility to include in its application for the approval of*  
6 *an alternative rate-making plan:*

7 *(a) One or more cost of service studies.*

8 *(b) An analysis estimating and comparing:*

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

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

15 *7. Establish criteria for the evaluation of an alternative rate-*  
16 *making plan which may include, without limitation, whether the*  
17 *plan:*

18 *(a) Aligns an economically viable utility model with state*  
19 *public policy goals.*

20 *(b) Provides for just and reasonable rates that are comparable*  
21 *to rates established pursuant to NRS 704.110.*

22 *(c) Enables the delivery of electric service and options for*  
23 *services and pricing that customers value including, without*  
24 *limitation, the development and the use of renewable resources by*  
25 *customers that prioritize such resources above other factors,*  
26 *including price.*

27 *(d) Fosters statewide improvements to the economic and*  
28 *operational efficiency of the electrical grid.*

29 *(e) Furthers the public interest including, without limitation,*  
30 *the promotion of safe, economic, efficient and reliable electric*  
31 *service to all customers of the electric utility.*

32 *(f) Enhances the resilience and security of the electrical grid*  
33 *while addressing concerns regarding customer privacy.*

34 *(g) Ensures that customers of an electric utility benefit from*  
35 *lower regulatory administrative costs where appropriate.*

36 *(h) Facilitates the research and development of innovative*  
37 *electric utility services and options to benefit customers.*

38 *(i) Balances the interests of customers and shareholders by*  
39 *providing for services that customers want while preserving*  
40 *reasonable shareholder value.*

41 *8. The Commission is not required to accept applications to*  
42 *establish an alternative rate-making plan if the Commission*  
43 *determines, after a reasonable investigation, that the use of*  
44 *alternative rate-making plan is not consistent with the criteria*  
45 *established by the Commission pursuant to subsection 7.*



1       **Sec. 17. 1.** *Except as otherwise provided in subsection 8 of*  
2 *section 16 of this act, and in accordance with the regulations*  
3 *adopted by the Commission pursuant to section 16 of this act:*

4       (a) *Not sooner than the first Monday in January 2020, an*  
5 *electric utility that primarily serves less densely populated counties*  
6 *may apply to the Commission to establish an alternative rate-*  
7 *making plan which sets forth the alternative rate-making*  
8 *mechanisms to be used to establish rates during the time period*  
9 *covered by the plan.*

10       (b) *Not sooner than the first Monday in January 2021, an*  
11 *electric utility that primarily serves densely populated counties*  
12 *may apply to the Commission to establish an alternative rate-*  
13 *making plan which sets forth the alternative rate-making*  
14 *mechanisms to be used to establish rates during the time period*  
15 *covered by the plan.*

16       2. *The Commission shall approve, with or without*  
17 *modifications, or deny an application submitted pursuant to*  
18 *subsection 1 not later than 210 days after the Commission receives*  
19 *a copy of the application unless the Commission, upon good*  
20 *cause, extends by not more than 90 days the time to act upon the*  
21 *application. If the Commission fails to act upon an application*  
22 *within the time provided by this subsection, the application shall*  
23 *be deemed to be denied.*

24       3. *The Commission shall conduct at least one consumer*  
25 *session pursuant to NRS 704.069 to solicit comments from the*  
26 *public before taking action on an application submitted pursuant*  
27 *to subsection 1.*

28       4. *The Commission shall not approve an application*  
29 *submitted pursuant to subsection 1 unless the Commission*  
30 *determines that the plan:*

31       (a) *Is in the public interest;*

32       (b) *Results in just and reasonable rates, as determined by the*  
33 *Commission;*

34       (c) *Protects the interests of the customers of the electric utility;*

35       (d) *Satisfies the criteria established by the Commission*  
36 *pursuant to subsection 7 of section 16 of this act;*

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

38       (f) *Includes a plan for educating the customers of the electric*  
39 *utility regarding the alternative rate-making mechanisms included*  
40 *in the plan.*

41       5. *An alternative rate-making plan may include, without*  
42 *limitation:*

43       (a) *An earnings-sharing mechanism that balances the interests*  
44 *of customers that purchase electricity for consumption in this*  
45 *State and the shareholders of the electric utility.*



1 (b) A term or condition waiving the requirement that the  
2 electric utility file a general rate application every 36 months  
3 pursuant to subsection 3 of NRS 704.110 or extending beyond 36  
4 months the time between required general rate application filings.

5 (c) Any other term or condition proposed by an electric utility  
6 or any party participating in the proceeding or that the  
7 Commission finds is reasonable and serves the public interest.

8 6. The Commission may at any time, upon its own motion or  
9 after receiving a complaint from any customer, the Consumer's  
10 Advocate or the Regulatory Operations Staff of the Commission,  
11 investigate any of the rates, tolls, charges, rules, regulations,  
12 practices and service relating to an alternative rate-making plan,  
13 and, after a full hearing as provided in NRS 704.120, by order,  
14 make such changes as may be just and reasonable to the same  
15 extent as authorized by NRS 704.120.

16 7. As used in this section:

17 (a) "Electric utility that primarily serves densely populated  
18 counties" has the meaning ascribed to it in NRS 704.110.

19 (b) "Electric utility that primarily serves less densely populated  
20 counties" has the meaning ascribed to it in NRS 704.110.

21 **Sec. 18.** The provisions of sections 5 to 18, inclusive, of this  
22 act must not be construed to limit the existing rate-making  
23 authority of the Commission.

24 **Sec. 19.** NRS 704.100 is hereby amended to read as follows:

25 704.100 1. Except as otherwise provided in NRS 704.075  
26 and 704.68861 to 704.68887, inclusive, or as may otherwise be  
27 provided by the Commission pursuant to NRS 704.095 , ~~for~~  
28 704.097 ~~or~~ **or section 17 of this act:**

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

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

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

37 (b) A public utility shall adjust its rates on a quarterly basis  
38 between annual rate adjustment applications pursuant to subsection  
39 8 of NRS 704.110 based on changes in the public utility's recorded  
40 costs of natural gas purchased for resale.

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



1 (d) A public utility shall post copies of all proposed schedules  
2 and all new or amended schedules in the same offices and in  
3 substantially the same form, manner and places as required by NRS  
4 704.070 for the posting of copies of schedules that are currently in  
5 force.

6 (e) A public utility may not set forth as justification for a rate  
7 increase any items of expense or rate base that previously have been  
8 considered and disallowed by the Commission, unless those items  
9 are clearly identified in the application and new facts or  
10 considerations of policy for each item are advanced in the  
11 application to justify a reversal of the prior decision of the  
12 Commission.

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

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

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

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

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

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

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



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

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

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

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

17 (h) In making the determination pursuant to paragraph (f) or (g),  
18 the Commission shall first consider all timely written protests, any  
19 presentation that the Regulatory Operations Staff of the Commission  
20 may desire to present, the application of the public utility and any  
21 other matters deemed relevant by the Commission.

22 2. An applicant that is a small-scale provider of last resort may  
23 submit to the Commission a written request for a waiver of the  
24 5-year period specified in sub-subparagraph (III) of subparagraph  
25 (1) of paragraph (g) of subsection 1. The Commission shall, not later  
26 than 90 days after receipt of such a request, issue an order approving  
27 or denying the request. The Commission may approve the request if  
28 the applicant provides proof satisfactory to the Commission that the  
29 applicant is not earning more than the rate of return authorized by  
30 the Commission and that it is in the public interest for the  
31 Commission to grant the request for a waiver. The Commission  
32 shall not approve a request for a waiver if the request is submitted  
33 later than 7 years after the issuance by the Commission of a final  
34 order on a general rate application filed by the applicant in  
35 accordance with subsection 3 of NRS 704.110. If the Commission  
36 approves a request for a waiver submitted pursuant to this  
37 subsection, the applicant shall file the letter of advice pursuant to  
38 subparagraph (1) of paragraph (g) of subsection 1 not earlier than  
39 120 days after the date on which the applicant submitted the request  
40 for a waiver pursuant to this subsection, unless the order issued by  
41 the Commission approving the request for a waiver specifies a  
42 different period for the filing of the letter of advice.

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



1       **Sec. 20.** NRS 704.110 is hereby amended to read as follows:

2       704.110 Except as otherwise provided in NRS 704.075 and  
3 704.68861 to 704.68887, inclusive, or as may otherwise be provided  
4 by the Commission pursuant to NRS 704.095 , ~~NRS~~ 704.097 ~~]~~ **or**  
5 **section 17 of this act:**

6       1. If a public utility files with the Commission an application to  
7 make changes in any schedule, including, without limitation,  
8 changes that will result in a discontinuance, modification or  
9 restriction of service, the Commission shall investigate the propriety  
10 of the proposed changes to determine whether to approve or  
11 disapprove the proposed changes. If an electric utility files such an  
12 application and the application is a general rate application or an  
13 annual deferred energy accounting adjustment application, the  
14 Consumer's Advocate shall be deemed a party of record.

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

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



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

7 (a) An electric utility that primarily serves less densely  
8 populated counties shall file a general rate application ~~not~~:

9 (1) *Not* later than 5 p.m. on or before the first Monday in  
10 June ~~2010, 2019~~; and ~~at least once~~

11 (2) *Once* every 36 months thereafter ~~;~~ *or on a date*  
12 *specified in an alternative rate-making plan approved by the*  
13 *Commission pursuant to section 17 of this act.*

14 (b) An electric utility that primarily serves densely populated  
15 counties shall file a general rate application ~~not~~:

16 (1) *Not* later than 5 p.m. on or before the first Monday in  
17 June ~~2011, 2020~~; and ~~at least once~~

18 (2) *Once* every 36 months thereafter ~~;~~ *or on a date*  
19 *specified in an alternative rate-making plan approved by the*  
20 *Commission pursuant to section 17 of this act.*

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

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



1 determining whether the public utility meets the requirements of this  
2 paragraph for either service.

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

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

31 (a) The Commission shall consider the statement submitted  
32 pursuant to this subsection and evidence relevant to the statement,  
33 including all reasonable projected or forecasted offsets in revenue  
34 and expenses that are directly attributable to or associated with the  
35 expected changes in circumstances under consideration, in addition  
36 to the statement required pursuant to subsection 3 as evidence in  
37 establishing just and reasonable rates for the public utility; and

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

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



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

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

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

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

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



1 rate adjustments, the deferred energy accounting adjustment must be  
2 set to zero cents per therm of natural gas.

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

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

11 (b) The public utility shall provide written notice of each  
12 quarterly rate adjustment to its customers by including the written  
13 notice with a customer's regular monthly bill. The public utility  
14 shall begin providing such written notice to its customers not later  
15 than 30 days after the date on which the public utility files its  
16 written notice with the Commission pursuant to paragraph (a). The  
17 written notice that is included with a customer's regular monthly  
18 bill:

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

21 (2) Must include the following:

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

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

28 (III) A statement that customers may send written  
29 comments or protests regarding the rate adjustment to the  
30 Commission;

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

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

37 (c) The public utility shall file an annual rate adjustment  
38 application with the Commission. The annual rate adjustment  
39 application is subject to the requirements for notice and a hearing  
40 pursuant to NRS 703.320 and the requirements for a consumer  
41 session pursuant to subsection 1 of NRS 704.069.

42 (d) The proceeding regarding the annual rate adjustment  
43 application must include a review of each quarterly rate adjustment  
44 and the transactions and recorded costs of natural gas included in  
45 each quarterly filing and the annual rate adjustment application.



1 There is no presumption of reasonableness or prudence for any  
2 quarterly rate adjustment or for any transactions or recorded costs of  
3 natural gas included in any quarterly rate adjustment or the annual  
4 rate adjustment application, and the public utility has the burden of  
5 proving reasonableness and prudence in the proceeding.

6 (e) The Commission shall not allow the public utility to recover  
7 any recorded costs of natural gas which were the result of any  
8 practice or transaction that was unreasonable or was undertaken,  
9 managed or performed imprudently by the public utility, and the  
10 Commission shall order the public utility to adjust its rates if the  
11 Commission determines that any recorded costs of natural gas  
12 included in any quarterly rate adjustment or the annual rate  
13 adjustment application were not reasonable or prudent.

14 10. An electric utility shall adjust its rates on a quarterly basis  
15 based on changes in the electric utility's recorded costs of purchased  
16 fuel or purchased power. In addition to adjusting its rates on a  
17 quarterly basis, an electric utility may request approval from the  
18 Commission to make quarterly adjustments to its deferred energy  
19 accounting adjustment. The Commission shall approve or deny such  
20 a request not later than 120 days after the application is filed with  
21 the Commission. The Commission may approve the request if the  
22 Commission finds that approval of the request is in the public  
23 interest. If the Commission approves a request to make quarterly  
24 adjustments to the deferred energy accounting adjustment of an  
25 electric utility pursuant to this subsection, any quarterly adjustment  
26 to the deferred energy accounting adjustment must not exceed 0.25  
27 cents per kilowatt-hour of electricity. If the balance of the electric  
28 utility's deferred account varies by less than 5 percent from the  
29 electric utility's annual recorded costs for purchased fuel or  
30 purchased power which are used to calculate quarterly rate  
31 adjustments, the deferred energy accounting adjustment must be set  
32 to zero cents per kilowatt-hour of electricity.

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

35 (a) The electric utility shall file written notice with the  
36 Commission on or before August 15, 2007, and every quarter  
37 thereafter of the quarterly rate adjustment to be made by the electric  
38 utility for the following quarter. The first quarterly rate adjustment  
39 by the electric utility will take effect on October 1, 2007, and each  
40 subsequent quarterly rate adjustment will take effect every quarter  
41 thereafter. The first quarterly adjustment to a deferred energy  
42 accounting adjustment must be made pursuant to an order issued by  
43 the Commission approving the application of an electric utility to  
44 make quarterly adjustments to its deferred energy accounting  
45 adjustment. A quarterly rate adjustment is not subject to the



1 requirements for notice and a hearing pursuant to NRS 703.320 or  
2 the requirements for a consumer session pursuant to subsection 1 of  
3 NRS 704.069.

4 (b) The electric utility shall provide written notice of each  
5 quarterly rate adjustment to its customers by including the written  
6 notice with a customer's regular monthly bill. The electric utility  
7 shall begin providing such written notice to its customers not later  
8 than 30 days after the date on which the electric utility files a written  
9 notice with the Commission pursuant to paragraph (a). The written  
10 notice that is included with a customer's regular monthly bill:

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

13 (2) Must include the following:

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

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

20 (III) A statement that customers may send written  
21 comments or protests regarding the rate adjustment to the  
22 Commission;

23 (IV) A statement that the transactions and recorded costs  
24 of purchased fuel or purchased power which are the basis for any  
25 quarterly rate adjustment will be reviewed for reasonableness and  
26 prudence in the next proceeding held by the Commission to review  
27 the annual deferred energy accounting adjustment application  
28 pursuant to paragraph (d); and

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

30 (c) The electric utility shall file an annual deferred energy  
31 accounting adjustment application pursuant to NRS 704.187 with  
32 the Commission. The annual deferred energy accounting adjustment  
33 application is subject to the requirements for notice and a hearing  
34 pursuant to NRS 703.320 and the requirements for a consumer  
35 session pursuant to subsection 1 of NRS 704.069.

36 (d) The proceeding regarding the annual deferred energy  
37 accounting adjustment application must include a review of each  
38 quarterly rate adjustment and the transactions and recorded costs of  
39 purchased fuel and purchased power included in each quarterly  
40 filing and the annual deferred energy accounting adjustment  
41 application. There is no presumption of reasonableness or prudence  
42 for any quarterly rate adjustment or for any transactions or recorded  
43 costs of purchased fuel and purchased power included in any  
44 quarterly rate adjustment or the annual deferred energy accounting



1 adjustment application, and the electric utility has the burden of  
2 proving reasonableness and prudence in the proceeding.

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

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

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

19 (b) Supplement its general rate application with the same  
20 information, if such information was not submitted with the general  
21 rate application.

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

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

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

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

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



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

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

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

18 17. As used in this section:

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

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

27 (c) "Electric utility that primarily serves densely populated  
28 counties" means an electric utility that, with regard to the provision  
29 of electric service, derives more of its annual gross operating  
30 revenue in this State from customers located in counties whose  
31 population is 700,000 or more than it does from customers located  
32 in counties whose population is less than 700,000.

33 (d) "Electric utility that primarily serves less densely populated  
34 counties" means an electric utility that, with regard to the provision  
35 of electric service, derives more of its annual gross operating  
36 revenue in this State from customers located in counties whose  
37 population is less than 700,000 than it does from customers located  
38 in counties whose population is 700,000 or more.

39 **Sec. 20.1.** NRS 704.741 is hereby amended to read as follows:

40 704.741 1. A utility which supplies electricity in this State  
41 shall, on or before June 1 of every third year, in the manner  
42 specified by the Commission, submit a plan to increase its supply of  
43 electricity or decrease the demands made on its system by its  
44 customers to the Commission. Two or more utilities that are  
45 affiliated through common ownership and that have an



1 interconnected system for the transmission of electricity shall  
2 submit a joint plan.

3 2. The Commission shall, by regulation:

4 (a) Prescribe the contents of such a plan, including, but not  
5 limited to, the methods or formulas which are used by the utility or  
6 utilities to:

7 (1) Forecast the future demands; and

8 (2) Determine the best combination of sources of supply to  
9 meet the demands or the best method to reduce them; and

10 (b) Designate renewable energy zones and revise the designated  
11 renewable energy zones as the Commission deems necessary.

12 3. The Commission shall require the utility or utilities to  
13 include in the plan:

14 (a) An energy efficiency program for residential customers  
15 which reduces the consumption of electricity or any fossil fuel and  
16 which includes, without limitation, the use of new solar thermal  
17 energy sources.

18 (b) A proposal for the expenditure of not less than 5 percent of  
19 the total expenditures related to energy efficiency and conservation  
20 programs on energy efficiency and conservation programs directed  
21 to low-income customers of the electric utility.

22 (c) A comparison of a diverse set of scenarios of the best  
23 combination of sources of supply to meet the demands or the best  
24 methods to reduce the demands, which must include at least one  
25 scenario of low carbon intensity that includes the deployment of  
26 distributed generation.

27 (d) An analysis of the effects of the requirements of NRS  
28 704.766 to ~~[704.777,]~~ 704.776, inclusive, on the reliability of the  
29 distribution system of the utility or utilities and the costs to the  
30 utility or utilities to provide electric service to all customers. The  
31 analysis must include an evaluation of the costs and benefits of  
32 addressing issues of reliability through investment in the distribution  
33 system.

34 (e) A list of the utility's or utilities' assets described in  
35 NRS 704.7338.

36 (f) A surplus asset retirement plan as required by NRS 704.734.

37 4. The Commission shall require the utility or utilities to  
38 include in the plan a plan for construction or expansion of  
39 transmission facilities to serve renewable energy zones and to  
40 facilitate the utility or utilities in meeting the portfolio standard  
41 established by NRS 704.7821.

42 5. The Commission shall require the utility or utilities to  
43 include in the plan a distributed resources plan. The distributed  
44 resources plan must:



1 (a) Evaluate the locational benefits and costs of distributed  
2 resources. This evaluation must be based on reductions or increases  
3 in local generation capacity needs, avoided or increased investments  
4 in distribution infrastructure, safety benefits, reliability benefits and  
5 any other savings the distributed resources provide to the electricity  
6 grid for this State or costs to customers of the electric utility or  
7 utilities.

8 (b) Propose or identify standard tariffs, contracts or other  
9 mechanisms for the deployment of cost-effective distributed  
10 resources that satisfy the objectives for distribution planning.

11 (c) Propose cost-effective methods of effectively coordinating  
12 existing programs approved by the Commission, incentives and  
13 tariffs to maximize the locational benefits and minimize the  
14 incremental costs of distributed resources.

15 (d) Identify any additional spending necessary to integrate cost-  
16 effective distributed resources into distribution planning consistent  
17 with the goal of yielding a net benefit to the customers of the  
18 electric utility or utilities.

19 (e) Identify barriers to the deployment of distributed resources,  
20 including, without limitation, safety standards related to technology  
21 or operation of the distribution system in a manner that ensures  
22 reliable service.

23 6. As used in this section:

24 (a) "Carbon intensity" means the amount of carbon by weight  
25 emitted per unit of energy consumed.

26 (b) "Distributed generation system" has the meaning ascribed to  
27 it in NRS 701.380.

28 (c) "Distributed resources" means distributed generation  
29 systems, energy efficiency, energy storage, electric vehicles and  
30 demand-response technologies.

31 (d) "Renewable energy zones" means specific geographic zones  
32 where renewable energy resources are sufficient to develop  
33 generation capacity and where transmission constrains the delivery  
34 of electricity from those resources to customers.

35 **Sec. 20.2.** NRS 704.766 is hereby amended to read as follows:

36 704.766 It is hereby declared to be the purpose and policy of  
37 the Legislature in enacting NRS 704.766 to ~~[704.777,]~~ 704.776,  
38 inclusive, to:

39 1. Encourage private investment in renewable energy  
40 resources;

41 2. Stimulate the economic growth of this State;

42 3. Enhance the continued diversification of the energy  
43 resources used in this State; and

44 4. Streamline the process for customers of a utility to apply for  
45 and install net metering systems.



1       **Sec. 20.3.** NRS 704.767 is hereby amended to read as follows:  
2       704.767 As used in NRS 704.766 to ~~704.777,~~ **704.776,**  
3 inclusive, unless the context otherwise requires, the words and terms  
4 defined in NRS 704.7675 to 704.772, inclusive, have the meanings  
5 ascribed to them in those sections.

6       **Sec. 20.4.** NRS 704.773 is hereby amended to read as follows:  
7       704.773 1. A utility shall offer net metering in accordance  
8 with the provisions of NRS 704.766 to ~~704.777,~~ **704.776,**  
9 inclusive, to the customer-generators operating within its service  
10 area.

11       2. If the net metering system of a customer-generator who  
12 accepts the offer of a utility for net metering has a capacity of not  
13 more than 25 kilowatts, the utility:

14       (a) Shall offer to make available to the customer-generator an  
15 energy meter that is capable of registering the flow of electricity in  
16 two directions.

17       (b) May, at its own expense and with the written consent of the  
18 customer-generator, install one or more additional meters to monitor  
19 the flow of electricity in each direction.

20       (c) Except as otherwise provided in subsection 7, shall not  
21 charge the customer-generator any fee or charge that is different  
22 than that charged to other customers of the utility in the rate class to  
23 which the customer-generator would belong if the customer-  
24 generator did not have a net metering system.

25       (d) Shall not reduce the minimum monthly charge of the  
26 customer-generator based on the electricity generated by the  
27 customer-generator and fed back to the utility.

28       3. If the net metering system of a customer-generator who  
29 accepts the offer of a utility for net metering has a capacity of more  
30 than 25 kilowatts, the utility:

31       (a) May require the customer-generator to install at its own cost:

32       (1) An energy meter that is capable of measuring generation  
33 output and customer load; and

34       (2) Any upgrades to the system of the utility that are required  
35 to make the net metering system compatible with the system of the  
36 utility.

37       (b) Except as otherwise provided in paragraph (d) and  
38 subsection 7, shall not charge the customer-generator any fee or  
39 charge that is different than that charged to other customers of the  
40 utility in the rate class to which the customer-generator would  
41 belong if the customer-generator did not have a net metering system,  
42 including, without limitation, customer, demand and facility  
43 charges.



1 (c) Shall not reduce the minimum monthly charge of the  
2 customer-generator based on the electricity generated by the  
3 customer-generator and fed back to the utility.

4 (d) Shall not charge the customer-generator any standby charge.

5 4. At the time of installation or upgrade of any portion of a net  
6 metering system, the utility must allow a customer-generator  
7 governed by subsection 3 to pay the entire cost of the installation or  
8 upgrade of the portion of the net metering system.

9 5. Except as otherwise provided in subsections 2, 3 and 6 and  
10 NRS 704.7732, the utility shall not for any purpose assign a  
11 customer-generator to a rate class other than the rate class to which  
12 the customer-generator would belong if the customer-generator did  
13 not have a net metering system, including, without limitation, for the  
14 purpose of any fee or charge.

15 6. If the net metering system of a customer-generator is a net  
16 metering system described in paragraph (b) or (c) of subsection 1 of  
17 NRS 704.771 and:

18 (a) The system is intended primarily to offset part or all of the  
19 customer-generator's requirements for electricity on property  
20 contiguous to the property on which the net metering system is  
21 located; and

22 (b) The customer-generator sells or transfers his or her interest  
23 in the contiguous property,

24 ➤ the net metering system ceases to be eligible to participate in net  
25 metering.

26 7. A utility shall assess against a customer-generator:

27 (a) If applicable, the universal energy charge imposed pursuant  
28 to NRS 702.160; and

29 (b) Any charges imposed pursuant to chapter 701B of NRS or  
30 NRS 704.7827 or 704.785 which are assessed against other  
31 customers in the same rate class as the customer-generator.

32 ➤ For any such charges calculated on the basis of a kilowatt-  
33 hour rate, the customer-generator must only be charged with  
34 respect to kilowatt-hours of energy delivered by the utility to the  
35 customer-generator.

36 8. The Commission and the utility must allow a customer-  
37 generator who accepts the offer of the utility for net metering to  
38 continue net metering pursuant to NRS 704.766 to ~~704.777,~~  
39 **704.776**, inclusive, at the location at which the net metering system  
40 is originally installed for 20 years. For the purposes of this  
41 subsection, "to continue net metering" includes, without limitation:

42 (a) Retaining the percentage set forth in subsection 3 of NRS  
43 704.7732 to be used to determine the credit for electricity governed  
44 by paragraph (c) of subsection 2 of NRS 704.775, which is  
45 applicable to the customer-generator; and



1 (b) Replacing the originally installed net metering system, as  
2 needed, at any time before 20 years after the date of the installation  
3 of the originally installed net metering system.

4 9. The Commission shall adopt regulations prescribing the  
5 form and substance for a net metering tariff and a standard net  
6 metering contract. The regulations must include, without limitation:

7 (a) The particular provisions, limitations and responsibilities of  
8 a customer-generator which must be included in a net metering tariff  
9 with regard to:

- 10 (1) Metering equipment;  
11 (2) Net energy metering and billing; and  
12 (3) Interconnection,

13 ↪ based on the allowable size of the net metering system.

14 (b) The particular provisions, limitations and responsibilities of  
15 a customer-generator and the utility which must be included in a  
16 standard net metering contract.

17 (c) A timeline for processing applications and contracts for net  
18 metering applicants.

19 (d) Any other provisions the Commission finds necessary to  
20 carry out the provisions of NRS 704.766 to ~~704.777~~ 704.776,  
21 inclusive.

22 **Sec. 20.5.** NRS 704.776 is hereby amended to read as follows:

23 704.776 If the Legislature provides by law for an open,  
24 competitive retail electric energy market for all electricity customers  
25 within a service territory:

26 1. Each person providing electric service in that service  
27 territory shall be deemed to be a utility for the purposes of NRS  
28 704.766 to ~~704.777~~ 704.776, inclusive;

29 2. The Commission or any other agency designated by law to  
30 regulate electric service in this State shall prohibit any person  
31 providing electric service in the service territory from impeding or  
32 interrupting the operation or performance or otherwise restrict the  
33 output of an existing net metering system; and

34 3. A customer-generator must be required to pay any costs  
35 charged to other customers of the person providing electric service  
36 to the customer-generator in the rate class to which the customer-  
37 generator would belong if the customer-generator did not have a net  
38 metering system.

39 **Sec. 20.6.** NRS 704.7815 is hereby amended to read as  
40 follows:

41 704.7815 “Renewable energy system” means:

42 1. A facility or energy system that uses renewable energy or  
43 energy from a qualified energy recovery process to generate  
44 electricity and:



1 (a) Uses the electricity that it generates from renewable energy  
2 or energy from a qualified recovery process in this State; or

3 (b) Transmits or distributes the electricity that it generates from  
4 renewable energy or energy from a qualified energy recovery  
5 process to a provider of electric service for delivery into and use in  
6 this State.

7 2. A solar energy system that reduces the consumption of  
8 electricity or any fossil fuel.

9 3. A net metering system used by a customer-generator  
10 pursuant to NRS 704.766 to ~~704.777,~~ 704.776, inclusive.

11 **Sec. 20.7.** NRS 598.9804 is hereby amended to read as  
12 follows:

13 598.9804 “Distributed generation system” means a system or  
14 facility for the generation of electricity:

15 1. That uses solar energy to generate electricity;

16 2. That is located on the property of a customer of an electric  
17 utility;

18 3. That is connected on the customer’s side of the electricity  
19 meter;

20 4. That provides electricity primarily to offset customer load on  
21 that property; and

22 5. The excess generation from which is periodically exported  
23 to the grid in accordance with the provisions governing net metering  
24 systems used by customer-generators pursuant to NRS 704.766 to  
25 ~~704.777,~~ 704.776, inclusive.

26 **Sec. 21.** The provisions of this act must not be construed to  
27 invalidate the effectiveness of any rate, charge, classification or joint  
28 rate fixed by the Commission before the effective date of this act,  
29 and such rates, charges, classifications and joint rates remain in  
30 force, and are prima facie lawful, from the date of the order of the  
31 Commission fixing such rates, charges, classifications and joint  
32 rates until changed or modified by the Commission, or pursuant to  
33 NRS 703.373 to 703.376, inclusive.

34 **Sec. 21.5.** NRS 704.777 is hereby repealed.

35 **Sec. 22.** This act becomes effective upon passage and  
36 approval.



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**TEXT OF REPEALED SECTION**

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**704.777 Commission required to open investigatory docket to establish methods to determine impact of net metering on rates; biennial report to Legislature.**

1. The Commission shall open an investigatory docket to establish a methodology to determine the impact, if any, of net metering pursuant to NRS 704.766 to 704.777, inclusive, on rates charged by a utility to its customers in this State.

2. On or before June 30, 2020, and biennially thereafter, the Commission shall submit to the Director of the Legislative Counsel Bureau for transmittal to the next regular session of the Legislature a report concerning the impact of net metering pursuant to NRS 704.766 to 704.777, inclusive, on rates charged by a utility to its customers in this State. The report must contain:

(a) Based on the methodology established pursuant to subsection 1, calculations of:

(1) Whether net metering pursuant to NRS 704.766 to 704.777, inclusive, has an impact on rates charged by a utility to its customers in this State; and

(2) The amount of any increase or decrease in such rates as a result of net metering pursuant to NRS 704.766 to 704.777, inclusive;

(b) An explanation of the methodology used to make the calculations required by paragraph (a);

(c) The data used to make the calculations required by paragraph (a), including, without limitation, avoided generation capacity, avoided transmission and generation capacity and avoided system upgrades;

(d) A comparison of the impact on rates of net metering pursuant to NRS 704.766 to 704.777, inclusive, and the impact on rates of capital expenditures by the utility;

(e) A description of the process for obtaining input from stakeholders in developing the methodology required by subsection 1; and

(f) A summary of comments on the written report from interested persons.



