

Nevada Public Utilities Commission Regulations

Changes in Rates: Public Utilities Other Than Telecommunication Providers

**NAC 703.2201 Definitions.** (NRS 703.025, 704.210) As used in NAC 703.2201 to 703.2481, inclusive, unless the context otherwise requires:

1. “Uniform system of accounts” means uniform system of accounts prescribed for public utilities and licensees, classes A, B, C and D, which were published by the Federal Energy Regulatory Commission and adopted by reference in NAC 704.650.

2. “Unit” means the quantitative measurement of an item, or level of use, consumption or effort.

3. “Unit rate” is that rate which when multiplied by the number of units within a given period results in the aggregate dollar amount applicable to that period.

[Pub. Service Comm’n, Gen. Order 3 Rule 16 § 2, eff. 10-14-82]—(NAC A 1-5-89; 7-7-94; A by Pub. Utilities Comm’n by R049-06, 11-13-2006)

**NAC 703.2205 Applicability.** (NRS 703.025, 704.210) The provisions of NAC 703.2201 to 703.2481, inclusive, apply to all:

1. Public utilities which produce, deliver or furnish electricity or gas;

2. Telegraph and community antenna television companies; and

3. Public utilities which furnish water or sewer service, or both, and are not subject to the provisions of NAC 704.570 to 704.628, inclusive, under the jurisdiction of the Commission.

[Pub. Service Comm’n, Gen. Order 3 Rule 16 § 1, eff. 10-14-82]—(NAC A 1-6-84; 10-26-84; 1-5-89; A by Pub. Utilities Comm’n by R047-02, 10-24-2002)

**NAC 703.2207 Notice of intent to file application for adjustment in rates.** (NRS 703.025, 704.210)

1. A public utility that furnishes electricity, gas or water which has an annual gross revenue of more than \$1,000,000 from intrastate operations in this State must provide written notice of its intent to file an application for adjustments in rates to:

(a) The Secretary of the Commission;

(b) The staff of the Commission assigned to regulatory operations; and

(c) The Consumer’s Advocate.

2. The written notice must be filed at least 60 days before the anticipated date for filing the application for adjustments in rates. If the public utility files the written notice, it is not required to file the application for adjustments in rates on the anticipated filing date or any time thereafter.

3. The written notice must contain a list of the components on which the public utility expects to base its application for adjustments in rates, including:

(a) Cost of capital;

(b) Depreciation;

(c) Cost of service, including any study of the cost of service;

(d) Design of the proposed rates; and

(e) Any other material issues known at the time the notice is filed.

(Added to NAC by Pub. Service Comm’n, eff. 7-7-94)

**NAC 703.2208 Submission of master document for request of data.** (NRS 703.025, 704.210)



1. A public utility that furnishes electricity, gas or water which has an annual gross revenue of more than \$1,000,000 from intrastate operations in this State and which files an application for adjustments in rates must submit a master document for the request of data, together with answers to the questions contained in the document, to:

- (a) The Consumer's Advocate; and
- (b) The staff of the Commission assigned to regulatory operations.

2. The public utility shall:

(a) Submit the master document for the request of data, together with the answers, on the same date as it files the application for adjustments in rates.

(b) Complete as much of the answers to the questions in the master document as possible given the available applicable data and any agreements for the confidentiality of information which have been executed.

3. Except as otherwise provided in this subsection, the master document for the request of data must be submitted in the illustrative format required by the Commission. The illustrative format for a particular master document for the request of data may be changed if the Consumer's Advocate, the staff of the Commission and the public utility agree to the change. The illustrative format for the master document for the request of data may be obtained at the offices of the Commission.

4. The following entities may request the Commission to change the illustrative format for the master document for the request of data:

- (a) The Consumer's Advocate;
- (b) The staff of the Commission; or
- (c) The public utility.

5. Any changes which the Commission makes to the illustrative format for the master document for the request of data do not apply to a master document for the request of data submitted by a public utility within 90 days after the Commission approves the changes.

(Added to NAC by Pub. Service Comm'n, eff. 7-7-94)

**NAC 703.2209 Meeting with Consumer's Advocate and staff of Commission before filing application. (NRS 703.025, 704.210)**

1. A public utility that furnishes electricity, gas or water which has an annual gross revenue of more than \$1,000,000 from intrastate operations in this State and which intends to file an application for adjustments in rates must meet with the Consumer's Advocate and the staff of the Commission assigned to regulatory operations at least 20 days before the anticipated date for filing the application for adjustments in rates.

2. At the meeting, the public utility shall provide updated information regarding the application for adjustments in rates, including:

- (a) Cost of capital;
- (b) Depreciation;
- (c) Cost of service, including any study of the cost of service;
- (d) Design of the proposed rate; and
- (e) Any other material issues known at the time of the meeting.

3. At the meeting, those persons in attendance shall:

(a) Develop guidelines for a preliminary plan for conducting audits. The guidelines must address all matters relating to the audit, including:



(1) The timing of the audits and any necessary meetings to coordinate audits conducted at the site, whether within or outside the State, by specialized personnel from the public utility and auditors from the Bureau of Consumer Protection and the staff of the Commission.

(2) The number of persons representing each interest who will participate in the audits.

(3) The facilities and the supplies that the auditors will need at the locations of the audits.

(b) Discuss a plan and schedule for discovery, and methods of minimizing the duplication of discovery requests.

(c) Discuss the use of agreements for the confidentiality of information.

(d) Discuss the review of computer models for data contained in the filing.

(e) Determine which items on the master document for the request of data must be provided on a computer disc or other computer media, and which items must be provided on paper.

(f) Discuss the need for and timing of future meetings, including:

(1) A conference between the public utility, the staff of the Commission and a representative of the Bureau of Consumer Protection to discuss the results of the audits.

(2) A mandatory settlement conference between all interests to the proceeding. The staff of the Commission shall convene the settlement conference at least 14 calendar days before the scheduled first day of the hearing on the application for adjustments in rates in accordance with a procedural schedule approved by the Commission.

(Added to NAC by Pub. Service Comm'n, eff. 7-7-94)

**NAC 703.2211 Information required in application.** (NRS 703.025, 704.210) An application by a public utility for adjustments in rates or charges must include:

1. An exhibit in the format of a tariff showing in full the rates, fares or rules desired to be put into effect or the general relief requested.

2. An exhibit in the format of a tariff showing in full the rates, fares or rules which will be superseded by the proposed changes.

3. A complete and accurate explanation of the circumstances and conditions relied upon as justification for the application.

4. An exhibit referencing any prior proceeding before the Commission which has been held and which is related to any of the proposals contained in the application.

5. A brief description of the application which will be used by the Secretary in drafting the public notice required in NAC 703.160. This description must include:

(a) The utility's reasons for the application or filing of a tariff;

(b) The estimated effect that approval of the application or tariff by the Commission will have on the applicant's annual revenues; and

(c) The estimated effect that approval of the application or tariff by the Commission will have on rates and charges paid by each class of the utility's customers.

6. A proposed notice of hearing which conforms to the requirements of paragraphs (b), (c) and (d) of subsection 2 of NRS 233B.121.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 3, eff. 10-14-82]—(NAC A 3-19-87; A by Pub. Utilities Comm'n by R107-07, 12-4-2007)

**NAC 703.2215 Information to be filed with application.** (NRS 703.025, 704.210) The applicable statements and schedules prescribed under NAC 703.2265 to 703.2455, inclusive, and an index of these statements and schedules must accompany the application when it is filed with the Commission. The index must indicate which statements and schedules are supported by workpapers prepared by the applicant.



[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 4, eff. 10-14-82]—(NAC A 1-6-84)

**NAC 703.2221 Additional information.** (NRS 703.025, 704.210) The list contained in NAC 703.2265 to 703.2455, inclusive, is not exclusive. Any additional information necessary to determine the fairness and reasonableness of the proposed change must be supplied upon request of the Commission in a particular case.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 4a, eff. 10-14-82]

**NAC 703.2225 Illustrative format.** (NRS 703.025, 704.210) Copies of illustrative statements and schedules will be available at the Commission's offices during business hours for use by prospective applicants.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 5, eff. 10-14-82]

**NAC 703.2231 Scope of presentation and preparation for hearing.** (NRS 703.025, 704.210) An applicant must be prepared to go forward at a hearing on the data which have been submitted and to sustain the burden of proof of establishing that its proposed changes are just and reasonable and not unduly discriminatory or preferential. To avoid delay by the Commission in its consideration of the proposed changes, the applicant must ensure that the material it relied upon is of such composition, scope and format that it would serve as its complete case if the rate is suspended and the matter is set for hearing.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 6, eff. 10-14-82]

**NAC 703.2235 Format of statements and schedules.** (NRS 703.025, 704.210) Statements and schedules must generally follow the illustrative examples mentioned in NAC 703.2225. Each item must be labeled, be mathematically correct, be properly cross-referenced and it must indicate the date or period covered by the statement or schedule.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 7, eff. 10-14-82]

**NAC 703.2241 Nonapplicable statements and schedules.** (NRS 703.025, 704.210) All statements and schedules required to be submitted to the Commission pursuant to NAC 703.2265 to 703.2461, inclusive, must be in alphabetical sequence. If the applicant omits any required statement or schedule in the belief that it is not applicable, a written explanation for the omission must be submitted in lieu of the required statement or schedule.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 8, eff. 10-14-82]

**NAC 703.2245 Recorded data and adjustments.** (NRS 703.025, 704.210)

1. Amounts which purport to represent recorded data and are included in a statement or schedule must be reported in a separate column or columns. Adjustments to recorded data must also be reported in a separate column or columns so that the recorded data and adjustment thereto and adjusted amounts are clearly disclosed.

2. For the purposes of subsection 4 of NRS 704.110, adjustments which show the effects, on an annualized basis, of all expected changes in circumstances, and which are reasonably known and measurable with reasonable accuracy, must be reported in a separate column or columns so that the recorded data, adjustments to recorded data and adjustments that show the effects of all expected changes in circumstances are clearly disclosed.



3. Any adjustment to recorded data must be supported by workpapers detailing the calculations, units, unit rates and any other accounting or financial data necessary to completely explain and justify the proposed adjustments.

4. The applicant shall calculate the adjustments to show the annual effect of the change in units or in the unit rate, or both, upon the applicant's weighted cost of capital, rate base or summary of earnings.

5. If the Commission considers an adjustment for all expected changes in circumstances in accordance with subsection 4 of NRS 704.110, the Commission may also consider all reasonably projected or forecasted offsets in revenue and expenses that are directly attributable to or associated with the expected changes in circumstances under consideration.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 9, eff. 10-14-82]—(NAC A by Pub. Utilities Comm'n by R049-06, 11-13-2006)

**NAC 703.2247 Statements of effects of expected changes in circumstances: Submission by certain natural gas utilities.** (NRS 703.025, 704.210) If a public utility which purchases natural gas for resale elects, pursuant to subsection 4 of NRS 704.110, to submit with its general rate application a statement showing the effects, on an annualized basis, of all expected changes in circumstances, it shall submit the application and statement not later than 155 days after the end of the 12-month period described in subsection 3 of NRS 704.110 for which data was available when the application was prepared. The statement must include all expected changes in circumstances for the 12-month period that ends 210 days after the application is submitted.

(Added to NAC by Pub. Utilities Comm'n by R049-06, eff. 11-13-2006)

**NAC 703.2248 Statements of effects of expected changes in circumstances: Factors for consideration by Commission.** (NRS 703.025, 704.210) For the purposes of subsection 4 of NRS 704.110, the Commission will consider expected changes in circumstances to be reasonably known and measurable with reasonable accuracy if the expected changes in circumstances:

1. Consist of specific and identifiable events or programs rather than general trends, patterns or developments;

2. Have an objectively high probability of occurring to the degree, in the amount and at the time expected; and

3. Are primarily measurable by recorded or verifiable revenues and expenses and are easily and objectively calculated, with the calculation of the expected changes relying only secondarily on estimates, forecasts, projections or budgets.

(Added to NAC by Pub. Utilities Comm'n by R049-06, eff. 11-13-2006)

**NAC 703.2251 Reliance on other data.** (NRS 703.025, 704.210) If the applicant has relied on data other than that presented in the statements and schedules prescribed by NAC 703.2201 to 703.2481, inclusive, such other data must be submitted in addition to the prescribed statements and schedules.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 10, eff. 10-14-82]—(NAC A 1-5-89)

**NAC 703.2255 Supporting data.** (NRS 703.025, 704.210)

1. The data in support of the proposed change in rates must include the required recorded data, adjustments and other computations and information on which the applicant relies to justify the proposed rates.



2. Any data or summaries included in the application which reflect the book of accounts must be supported by accounting workpapers. The workpapers must contain, in separate columns, all necessary particulars from which an auditor may readily identify the book data included in the filing and a verification that such data are in agreement with the applicant's book of accounts. All statements, schedules and workpapers must be prepared in accordance with the classifications provided in the uniform system of accounts. Workpapers in support of all adjustments, computations and other information included in the application must be cross-referenced, contain all relevant details and be available for inspection.

3. Each applicant shall prepare and maintain workpapers sufficient to support the application. Failure to produce promptly such workpapers on request of an authorized representative of the Commission or the Consumer's Advocate is a cause for dismissal by the Commission of the application in its entirety. In addition to the workpapers, the following material, normally prepared by the applicant, must be made available for verification and analysis by the Commission's staff and the Consumer's Advocate. Upon request, a copy of the information must be furnished. If required for the analysis, the Commission will request:

- (a) Copies of monthly financial reports prepared for managerial purposes.
- (b) Copies of the accounting analyses of balance sheet accounts.
- (c) Complete trial balances of all the balance sheet accounts at the beginning and end of the 12 months of actual experience, and revenue and expense accounts for the 12 months of recorded data used for the application.
- (d) Analyses of the miscellaneous revenues and related expenses included in the submitted results of operations.
- (e) Analyses of accounts showing retained earnings or capital surplus.
- (f) If the applicant is submitting a statement pursuant to subsection 4 of NRS 704.110, the most recent operating budget.
- (g) Copies of all relevant reports and correspondence with other regulatory agencies.
- (h) Copies of all relevant reports, returns and correspondence with federal, state and local authorities on taxes.
- (i) If not confidential, copies of all managerial studies, reports and letters prepared by employees of the company and outside auditors.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 11, eff. 10-14-82]—(NAC A 1-6-84; A by Pub. Utilities Comm'n by R049-06, 11-13-2006)

**NAC 703.2261 Filing of information relating to deferred energy accounting.** (NRS 703.025, 704.210) Any information submitted that relates to deferred energy accounting must be prepared and filed in accordance with NAC 704.023 to 704.195, inclusive.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 12, eff. 10-14-82]—(NAC A 11-3-87; A by Pub. Utilities Comm'n by R100-01, 12-17-2001)

**NAC 703.2265 Filing requirements for utilities with annual gross operating revenues of \$250,000 or more.** (NRS 703.025, 704.210) In filing its application, an applicant whose annual operating revenues are \$250,000 or more must include statements A to E, inclusive, F and G with their respective schedules, H to J, inclusive, K, L and M with their respective schedules and N to P, inclusive, as these statements and schedules are described in NAC 703.2251 to 703.2451, inclusive.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 13, eff. 10-14-82]



**NAC 703.2271 Statement A.** (NRS 703.025, 704.210) Statement A must consist of a statement of financial position based on the total company, in the order of accounts prescribed by the uniform system of accounts, as of the beginning and end of the period of testing. A statement of financial position on a consolidated basis must be included if the applicant is a member of an associated group of companies.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 14, eff. 10-14-82]

**NAC 703.2275 Statement B.** (NRS 703.025, 704.210) Statement B must consist of a statement of income based on the total company, in the order of accounts prescribed by the uniform system of accounts for the period for testing. A statement of income on a consolidated basis must be included if the utility is a member of an associated group of companies.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 15, eff. 10-14-82]

**NAC 703.2281 Statement C.** (NRS 703.025, 704.210) Statement C must consist of a statement that shows the balance at the beginning of the period of testing with debits and credits to retained earnings during such a period according to descriptive captions and the resultant balance at the end of the period of testing.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 16, eff. 10-14-82]

**NAC 703.2285 Statement D.** (NRS 703.025, 704.210)

1. Statement D must consist of a statement satisfying the letter and spirit of the Statement of Financial Accounting Standards No. 95 issued by the Financial Accounting Standards Board.

2. The Commission hereby adopts by reference Statement No. 95 which is entitled "Statement of Cash Flows," published in November 1987.

3. A copy of Statement No. 95 may be obtained from the Commission's office for a price of \$5.50.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 17, eff. 10-14-82]—(NAC A 12-2-91)

**NAC 703.2291 Statement E.** (NRS 703.025, 704.210) Statement E must contain any report, opinion or footnote applicable to any portion of the period included in statements A, B, C and D or related footnotes which were made by any accountant or auditor.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 18, eff. 10-14-82]

**NAC 703.2295 Statement F.** (NRS 703.025, 704.210) Statement F must contain a statement that shows the dollar amount of each component of the capital structure, its related cost percentage and the proportion of each component of the capital structure to the total capital structure. This statement must also show the percentage of the overall rate of return requested and the general reasons therefor.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 19, eff. 10-14-82]

**NAC 703.2301 Schedule F-1.** (NRS 703.025, 704.210) Schedule F-1 is a schedule that shows the weighted average cost of debt capital based upon the following data for each class and series of debt outstanding according to the balance sheet as of the end of the period of testing and the cost of new securities issued pursuant to subsection 3 or 4 of NRS 704.110:

1. Title;
2. Date of issuance and final maturity;
3. Interest rate;

4. Principal amount of the issue, gross proceeds, discount and any premiums;
  5. The amount and percentage of the gross proceeds of the issuance expense, including underwriters' discounts or commissions;
  6. Principal amount of the issue outstanding, unamortized discount and expense and net proceeds outstanding;
  7. Effective cost of the money;
  8. If the issue is owned by an affiliate, the name and relationship of the owner; and
  9. If the company has acquired at a discount or premium some part of the outstanding debt which could be used in meeting sinking fund requirements or for other reasons, it shall show the annual amortization of the discount or premium for each series of debt from the date of reacquisition, over the remaining life of the debt being retired and separately show the total discount and premium as a result of such amortization, applicable to the period of testing.
- [Pub. Service Comm'n, Gen. Order 3 Rule 16 § 20, eff. 10-14-82]—(NAC A by Pub. Utilities Comm'n by R049-06, 11-13-2006)

**NAC 703.2305 Schedule F-2.** (NRS 703.025, 704.210) Schedule F-2 is a schedule that shows the weighted average cost of preferred stock capital based upon the following data for each class and series of preferred stock outstanding according to the balance sheet as of the end of the period of testing and the cost of new securities issued pursuant to subsection 3 or 4 of NRS 704.110:

1. Title;
2. Date of issuance;
3. If callable, the call price;
4. If convertible, the terms of conversion;
5. Dividend rate;
6. Par or stated amount of the issue, gross proceeds and any premiums;
7. The amount and percentage of gross proceeds of the issuance expense, including underwriters' discounts or commissions;
8. Net proceeds;
9. Cost of the money;
10. Whether the issue was offered to stockholders through subscription rights or to the public; and
11. If the issue is owned by an affiliate, the name and relationship of the owner.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 21, eff. 10-14-82]—(NAC A by Pub. Utilities Comm'n by R049-06, 11-13-2006)

**NAC 703.2311 Schedule F-3.** (NRS 703.025, 704.210) Schedule F-3 is a schedule that shows the derivation and justification for the cost of common equity included in statement F.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 22, eff. 10-14-82]

**NAC 703.2315 Schedule F-4.** (NRS 703.025, 704.210) Schedule F-4 is a schedule that shows for each issue of common stock during the 6 years preceding the balance sheet as of the end of the period of testing and the cost of new securities issued pursuant to subsection 3 or 4 of NRS 704.110:

1. Number of shares sold;
2. Gross proceeds at offering price;
3. Amount and percentage of gross proceeds of underwriters' discounts or commissions;



4. Proceeds to applicant;
5. Amount and percentage of gross proceeds of issuance expenses; and
6. Net proceeds showing the offering price and net proceeds per share.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 23, eff. 10-14-82]—(NAC A 1-6-84; A by Pub. Utilities Comm'n by R049-06, 11-13-2006)

**NAC 703.2321 Statement G.** (NRS 703.025, 704.210) Statement G is a summary of the overall rate base from the figures contained on the supporting schedules.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 24, eff. 10-14-82]

**NAC 703.2325 Schedule G-1.** (NRS 703.025, 704.210) Schedule G-1 is a schedule summarizing the amounts of utility plant for Nevada classified by primary accounts as of the beginning of the period of testing, the book additions and reductions (in separate columns) during the 12 months, and the balances at the end of such a period. In adjoining columns there must be shown the claimed adjustments, if any, to the book balances and the total cost of plant. All adjustments must be fully and clearly explained in the supporting material submitted.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 25, eff. 10-14-82]

**NAC 703.2331 Schedule G-2.** (NRS 703.025, 704.210) Schedule G-2 is a statement that shows by primary accounts the accumulated provisions for depreciation, amortization and abandonment as of the beginning of the period of testing, the book additions and reductions during the 12 months, and the balances at the end of such a period. In adjoining columns there must be shown adjustments to these ending book balances and the total adjusted balances. All adjustment must be clearly and fully explained in the supporting material submitted.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 26, eff. 10-14-82]

**NAC 703.2335 Schedule G-3.** (NRS 703.025, 704.210) Schedule G-3 is a schedule that provides a description of the methods, procedures and rates used in depreciating or amortizing plant which were previously authorized by the Commission, and a description of any changes in methods or rates since the last order of the Commission setting rates or charges for the applicant.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 27, eff. 10-14-82]

**NAC 703.2341 Schedule G-4.** (NRS 703.025, 704.210) Schedule G-4 is a schedule that shows the recorded balances for each component of materials and supplies by month, so that an allowance for the average of 13 months' balances of materials and supplies can be calculated. The schedule must also show the allocation of each component to each account of materials and supplies for Nevada jurisdictional operations. An applicant reporting less than \$250,000 in annual gross operating revenues may compute the materials and supplies rate base component by averaging the beginning and ending balances for the period of testing.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 28, eff. 10-14-82]

**NAC 703.2343 Schedule G-5.** (NRS 703.025, 704.210) Schedule G-5 is required if a utility's application includes a provision for cash to be used as working capital. This schedule must contain an explanation of the inclusion of this amount and a schedule showing the derivation of the amount of cash so requested.

(Added to NAC by Pub. Service Comm'n, eff. 1-6-84)



**NAC 703.2345 Statement H. (NRS 703.025, 704.210)**

1. Statement H is a summary of the overall results of operations developed from the supporting schedules and statements. The statements must show:

- (a) The amounts as recorded on the applicant's books;
- (b) Adjustments during the year of testing for known changes; and
- (c) Either:

(1) Estimated adjustments to be certified by the applicant in accordance with subsection 3 of NRS 704.110; or

(2) Adjustments for expected changes in circumstances that are reasonably known and measurable with reasonable accuracy in accordance with subsection 4 of NRS 704.110 relating to a public utility which purchases natural gas for resale.

2. The statement must also include the requested rate of return and must show the application of the requested rate of return to the overall rate base.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 29, eff. 10-14-82]—(NAC A by Pub. Utilities Comm'n by R049-06, 11-13-2006)

**NAC 703.2351 Statement I. (NRS 703.025, 704.210)** If statement H contains adjustments for estimated changes beyond the actual year of testing, certification of these amounts must be submitted in statement I in accordance with subsection 3 of NRS 704.110 unless filing in accordance with subsection 4 of NRS 704.110, in which case statement I is not necessary. The certified amounts must be shown in statement I in the same format as statement H. Statement I must begin with the results of operations as recorded and as adjusted for known changes during the year of testing from statement H. Each certified adjustment must be then shown. The necessary detail used to support each certified adjustment must be submitted with the statement.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 & 30, eff. 10-14-82]—(NAC A by Pub. Utilities Comm'n by R049-06, 11-13-2006)

**NAC 703.2355 Statement J. (NRS 703.025, 704.210)**

1. Statement J must contain a statement that shows the revenues used to operate a utility classified in accordance with the accounts for operating revenue prescribed by the uniform system of accounts. Sales and service must be classified as between department, jurisdictional and nonjurisdictional, as applicable.

2. Jurisdictional operating revenues must be adjusted to show the annual effect of changes occurring during the period of testing. Adjusted sales for each rate schedule to show the annual effect of increases or decreases in the number of customers during such a period may be computed using the number of customers at the end of the period and the average annual usage and demand per customer, except where the applicant can attribute changes in sales directly to changes in the usage or demand of individual customers.

3. If statement H contains adjustments for estimated changes in expenses beyond the actual recorded year of testing and the application is being certified pursuant to subsection 3 of NRS 704.110, the applicant in its statement I shall adjust jurisdictional operating revenues to show the annual effect of changes occurring during the period for certification. Adjusted sales for each rate schedule to show the annual effect of increases or decreases in the number of customers during the period for certification may be computed using the number of customers and the average annual usage and demand per customer at the end of the period for certification, except in those instances where the applicant can attribute changes in sales directly to changes in the usage or demand of individual customers.



4. Statement J must disclose, using supporting schedules as necessary, revenues by months and revenue totals for the period of testing. Statement J must also disclose, using supporting schedules as necessary, the revenue totals for such a period from adjusted jurisdictional sales as computed under the presently effective and proposed rates together with the differences in the annual revenues, and the actual annual revenues from the nonjurisdictional sales.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 31, eff. 10-14-82]—(NAC A by Pub. Utilities Comm'n by R049-06, 11-13-2006)

**NAC 703.2361 Statement K.** (NRS 703.025, 704.210) Statement K must contain:

1. A statement that shows the expenses for operation and maintenance according to each account of the uniform system of accounts. The expenses must be shown under the following appropriate column headings, with subtotals for each functional classification:

- (a) Expenses for operation and maintenance as booked for the period of testing;
- (b) Any adjustment to expenses booked; and
- (c) Total adjusted expenses for operation and maintenance which are claimed.

2. A detailed explanation of any adjustment and the manner of determination must be supplied.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 32, eff. 10-14-82]

**NAC 703.2365 Schedule K-1.** (NRS 703.025, 704.210) Schedule K-1 is a schedule that shows the segregation of expenses for operations and maintenance, and their functional groupings into a component for labor and a component embracing the remainder of the expenses. This segregation into components must be applicable to the recorded accounts balances for the year of testing and to any adjustments thereto.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 33, eff. 10-14-82]

**NAC 703.2371 Schedule K-2.** (NRS 703.025, 704.210) Schedule K-2 must contain an analysis of each account in schedule format for the year of testing disclosing:

1. The classification of principal charges and credits for advertising costs;
2. Particulars of supporting computations and accounting bases;
3. A description of service and related amounts for which liability is incurred or accrued; and
4. The name of the firm or person rendering the services.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 34, eff. 10-14-82]

**NAC 703.2375 Schedule K-3.** (NRS 703.025, 704.210) Schedule K-3 must include an analysis of each account in schedule format for the year of testing disclosing:

1. The classification of principal charges and credits for outside companies which were employed;

2. Particulars of supporting computations and accounting bases;
3. A description of service and related amounts for which liability is incurred or accrued; and
4. The name of the firm or person rendering the services.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 35, eff. 10-14-82]

**NAC 703.2381 Schedule K-4.** (NRS 703.025, 704.210) Schedule K-4 must include an analysis of each account in schedule format for the year of testing disclosing:

1. The classification of principal charges and credits for pensions and benefits for employees;
2. Particulars of supporting computations and accounting bases;



3. A description of service and related amounts for which liability is incurred or accrued; and
4. The name of the firm or person rendering the services.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 36, eff. 10-14-82]

**NAC 703.2385 Schedule K-5.** (NRS 703.025, 704.210) Schedule K-5 must include an analysis of each account in schedule format for the year of testing disclosing:

1. The classification of principal charges and credits for expenses caused by regulations of the Commission;

2. Particulars of supporting computations and accounting bases;

3. A description of service and related amounts for which liability is incurred or accrued; and

4. The name of the firm or person rendering the services.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 37, eff. 10-14-82]

**NAC 703.2391 Schedule K-6.** (NRS 703.025, 704.210) Schedule K-6 must include an analysis of each account in schedule format for the year of testing disclosing:

1. The classification of principal charges and credits for miscellaneous general expenses;

2. Particulars of supporting computations and accounting bases;

3. A description of service and related amount in dollars for which liability is incurred or accrued; and

4. The name of the firm or person rendering the services.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 38, eff. 10-14-82]

**NAC 703.2395 Schedule K-7.** (NRS 703.025, 704.210) If the expense accounts contain charges or credits from associated companies or nonutility departments of the applicant, the applicant must submit schedule K-7 for each such associated company or nonutility department showing:

1. The amount of the charges or credits during each month and in total for the year of testing;

2. The account classification or classification charged or credited;

3. A description of the specific services performed for, or by, the associated company or nonutility department; and

4. The bases used in determining the amounts of the charges or credits.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 39, eff. 10-14-82]

**NAC 703.2401 Statement L.** (NRS 703.025, 704.210)

1. Statement L must contain a statement that shows separately the plant depreciation and amortization expense by functional classifications. These expenses must be shown in separate columns as follows:

(a) Expenses for the period of testing;

(b) Any adjustment to such expense; and

(c) The total adjusted expense claimed.

2. The bases, methods, essential computations and derivation of unit rates for the calculation of depreciation and amortization for the 12 months of actual experience and for the adjustments thereto, if any, must be fully and clearly explained. The amounts of depreciable plant must be shown by functional accounts. Any deviation from the rates used in disposing of the applicant's last previous filing or determination by the Commission must be explained, showing the rate previously used and the supporting data for the new rate used for this application.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 40, eff. 10-14-82]



**NAC 703.2405 Schedule L-1.** (NRS 703.025, 704.210) Schedule L-1 must contain a schedule that reconciles the depreciable plant listed on statement L with the aggregate investment in plant shown on schedule G-2 and shows the distribution of depreciation and amortization expenses to the various general ledger accounts.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 41, eff. 10-14-82]

**NAC 703.2411 Statement M.** (NRS 703.025, 704.210) Statement M must contain a statement that shows the computation of allowances for federal income taxes for the period of testing. To indicate the accounting classification applicable to the amount claimed, the computation of the allowance for federal income tax must show separately the amounts designated as current tax and deferred tax.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 42, eff. 10-14-82]

**NAC 703.2415 Schedule M-1.** (NRS 703.025, 704.210) Schedule M-1 must contain a complete reconciliation of the book net income with taxable net income as reported to the United States Internal Revenue Service for the most recent year for which a tax return was filed and the 3 preceding years. A complete explanation of all items in the reconciliation must be submitted. If the tax allowances claimed give effect to omission of items appearing in the reconciliations for the most recent tax return or to inclusion of items not appearing therein, the reasons for the omissions or inclusions must be submitted.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 43, eff. 10-14-82]

**NAC 703.2421 Schedule M-2.** (NRS 703.025, 704.210)

1. If tax depreciation differs from book depreciation, the applicant must file schedule M-2 showing the computation of the tax depreciation indicating:

- (a) Differences between book and tax depreciation on a straight-line basis; and
- (b) The excess of any accelerated depreciation and amortization used for tax purposes over straight-line depreciation.

2. The schedule must pertain to the most recent year for which a tax return was filed and for the 3 previous years.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 44, eff. 10-14-82]

**NAC 703.2425 Schedule M-3.** (NRS 703.025, 704.210)

1. If the applicant joins in the filing of a consolidated federal income tax return, the applicant must file schedule M-3 showing the net taxable income or loss for each company or regulated entity in the consolidation, including an adjustment of the excess of accelerated depreciation and amortization of emergency facilities over straight-line depreciation for each company involved.

2. The applicant must also submit the details of consolidation adjustment and a computation of the system tax liability based on the consolidated net income for the last tax year ending within the period of testing, or immediately prior thereto, for which a tax return was filed. In addition, the applicant must include a computation showing the percentage of tax savings arising from consolidation for the taxable year covered by such a period.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 45, eff. 10-14-82]

**NAC 703.2431 Schedule M-4.** (NRS 703.025, 704.210) Schedule M-4 must contain a schedule that shows monthly book balances of accumulated deferred income taxes for each of the 12 months during the period of testing.



[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 46, eff. 10-14-82]

**NAC 703.2435 Schedule M-5. (NRS 703.025, 704.210)**

1. Schedule M-5 must contain a schedule that shows the taxes paid by the applicant, other than income taxes in separate columns, as follows:

- (a) Tax expense per books for the period of testing;
- (b) Any adjustments to the amounts booked; and
- (c) The total adjusted taxes claimed.

2. The taxes must be shown by states and by kind of taxes.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 47, eff. 10-14-82]

**NAC 703.2441 Statement N. (NRS 703.025, 704.210)** Statement N must contain a statement that shows the allocation of both rate base components and components of the results of operations between or among departments, jurisdictions or regulated and nonregulated operations. The statement must show the total balance of each item to be allocated and the portion allocated to each department, jurisdiction or other category. The statement or appropriate supporting schedules must provide sufficient information as to methods, procedures, data and derivation of percentages and ratios to permit the Commission to review the applicant's procedures and to independently allocate any adjustments to the applicant's statements or schedules using the same method employed by the applicant.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 48, eff. 10-14-82]

**NAC 703.2443 Schedule N-1. (NRS 703.025, 704.210)** If an officer or employee of a utility provides services related to operations which are not regulated by the Commission, the utility shall submit a schedule showing the expenses related to that officer or employee allocated between regulated and nonregulated operations.

(Added to NAC by Pub. Service Comm'n, eff. 1-6-84)

**NAC 703.2445 Statement O. (NRS 703.025, 704.210)** Statement O must contain a narrative statement used in support of the design of a proposed rate. The statement must describe and justify the objectives of the design of the proposed rate. If the purpose of the design is to reflect costs, the narrative must state how that objective is achieved, and must be accompanied by a summary analyzing cost that would justify the design. If the design is not intended to reflect costs (whether fully distributed, incremental or other), a statement must be furnished justifying the departure from rates based on cost.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 49, eff. 10-14-82]

**NAC 703.2451 Statement P. (NRS 703.025, 704.210)** Statement P must be used to disclose:

1. Any change in presentation for rate making and any change in accounting methods, procedures and allocations adopted since the year of testing presented in the last general rate case. If the change will increase or decrease the applicant's current requirements for revenue by more than \$25,000 or one-hundredth of 1 percent of the overall rate of return for the period of testing, whichever is smaller, the disclosure must include a description of the new method and the old method and a calculation illustrating any effect of the change upon the applicant's weighted cost of capital, rate base or summary of earnings.



2. Any categories of expense or rate base which have been considered and disallowed by the Commission in a previous case and a full explanation of the new facts and policy considerations offered for each item proposed.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 50, eff. 10-14-82]—(NAC A 1-6-84)

**NAC 703.2452 Statement Q.** (NRS 703.025, 704.210) Statement Q must contain a statement of the number and type of shares held by shareholders at the end of the test year and any changes in ownership which occurred during the test year, including that information required in subsection 9 of NAC 703.175.

(Added to NAC by Pub. Service Comm'n, eff. 1-6-84)

**NAC 703.2455 Filing requirements for utilities with annual gross operating revenues of less than \$250,000.** (NRS 703.025, 704.210) An applicant with annual gross operating revenues of less than \$250,000 shall submit statements A through P. Supporting schedules may be submitted in addition to the required statements.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 51, eff. 10-14-82]

**NAC 703.2461 Certified adjustments.** (NRS 703.025, 704.210)

1. Estimated and subsequently experienced adjustments may be certified up to 6 months beyond the period of testing pursuant to subsection 3 of NRS 704.110. Adjustments must be known and measurable with reasonable accuracy at the time of filing the original application. No new rates, fares or charges may be placed into effect until the changes have been experienced and certified by the applicant to the Commission.

2. Adjustments that may be certified and reported in an application for a rate increase in statement I include, but are not limited to, the following items:

(a) The costs of new securities as defined in NRS 704.322, and the associated expense for interest as an adjustment to the calculation of federal income tax;

(b) Adjustments in the rate base that reflect increased investments in facilities used and useful in operations of the utility and the deduction of the appropriate amounts from construction work in progress as a factor in allocating interest costs between departments;

(c) Operating revenues based on sales calculated as described in NAC 703.2355; and

(d) Expenses which are:

(1) Costs for fuel;

(2) Costs for labor, pensions, benefits and taxes, when such taxes are a direct result of a change in the rate per unit of costs for labor;

(3) Costs for research and development;

(4) Property taxes;

(5) Depreciation;

(6) Insurance; and

(7) Rent.

3. Each adjustment must also include a calculation of the appropriate federal income tax.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 52, eff. 10-14-82]—(NAC A 1-6-84)

**NAC 703.2481 Notice to public and customers.** (NRS 703.025, 704.210)

1. When a public utility files an application to adjust any rate or charge for the service or commodities furnished by it to increase its return on investment, to increase its rate base or to cover expenses not related to fuel or purchased power, the public utility shall:



(a) Within 10 days after filing the application, make available at each of its business offices a complete copy of the application in such form and place as to be readily accessible and conveniently inspected by the public;

(b) Within 10 days after filing the application, print in plain type and post at each of its business offices, in such form and place as to be readily accessible to and conveniently inspected by the public, a notice stating that the application has been filed with the Commission, describing briefly the purpose of the application, indicating that the complete application is available for public inspection on the premises and listing the locations at which additional information may be obtained; and

(c) Within 20 days after filing the application, submit to the Commission affidavits of that filing and the posting required in paragraphs (a) and (b) of this subsection.

2. When a public utility files an application to adjust any rate or charge for the service or commodities furnished by it to increase its return on investment, to increase its rate base or to cover expenses not related to fuel or purchased power and the Commission has set a date and location for a hearing on the application, the applicant shall provide notice to its customers who are affected by the proposed increase. The first paragraph of the notice must state the date, time and place of the hearing, the total amount of the proposed increase in dollars, the estimated proposed monthly increase in dollars and the proposed percentage of increase for each class of customer or class of service. The notice must also state that the Commission may set rates which may be higher or lower than the rates proposed in the application and that additional information may be obtained from the Commission or at the offices of the public utility filing the application. The notice must be given at least 10 days before the hearing, by two of the three following methods:

(a) Inclusion in the regular bill of charges transmitted to the applicant's customers.

(b) Separate mailing to each of the applicant's customers.

(c) Prominent presentation in one or more forms of the media, such as newspapers, television or radio, so that the notice will reach the applicant's customers.

3. At or before the hearing, the applicant must submit a verified statement to the Commission that the notice required in subsection 2 has been given. The statement must:

(a) List the means by which, and the dates and times when, the notice was mailed, published or broadcast; and

(b) Include, as an attachment, a copy of the notice as mailed, published or transcribed.

[Pub. Service Comm'n, Gen. Order 3 Rule 16 § 56, eff. 10-14-82]—(NAC A 1-6-84; 3-19-87; A by Pub. Utilities Comm'n by R116-03, 10-30-2003)