



The timeline above outlines the formal evidentiary process the PUCN must undertake before making a decision in a GRC application. The process must be completed within 210 days.

RATE REGULATION

The basic purpose of utility rate regulation, as established by the Nevada Legislature, is to balance the needs of the consumer and utility. Consumers are interested in reliable and safe utility service at the lowest possible rates. The utility is interested in rates that are sufficient to cover the costs of providing utility service and adequate to attract and maintain investment capital. The role of the PUCN in this process is to assure the interests of the consumer and utility are balanced.

GENERAL RATE CASE (GRC) APPLICATIONS

Investor-owned electric, gas, water or wastewater utilities in Nevada must seek approval from the PUCN through a GRC application to change the rates charged to customers for services. The GRC application is filed with the PUCN and is available for the public to review on the PUCN's website or at the PUCN's offices. The utility cannot change the rates until after the PUCN finishes the process of investigating the GRC application and issues an order authorizing changes in rates.

FREQUENCY OF GRC FILINGS

The Legislature requires electric and certain water/wastewater utilities operating in Nevada to file a GRC application with the PUCN at least once every 36 months. For a recent example, see NV Energy's GRC application in Docket 23-06007. The Legislature has not set a schedule requiring natural gas or telephone utilities operating in Nevada to file GRC applications at designated intervals.

RATIONALE & CUSTOMER CLASSES

When a utility files a GRC application, it must include the reasons for the requested rate change. It must also propose the classes of customers who will pay for the rate change: residential, commercial or industrial. The application must state who will pay how much and why.

FORMAL EVIDENTIARY PROCESS

The application filing begins a formal evidentiary hearing process in which the PUCN must establish the amount of money the utility needs to collect from customers through rates. The basis for the amount is the PUCN's determination as to the reasonable and prudent costs for the utility to provide service. In addition to labor, materials and taxes, the costs considered include depreciation on plant used to produce and deliver the

utility's product, as well as interest costs for debt issued by the utility to finance construction of that plant. Rates must also allow a reasonable profit on the equity invested by the company's shareholders. This information is primarily based on historical costs, not future projections. When added together, all of these costs produce the revenue requirement that needs to be collected from customers through rates. The receipt of a utility's GRC application initiates a formal process, outlined below, that must, by Nevada law, be completed within 210 days.

1. PRESIDING OFFICER ASSIGNED: The PUCN has three commissioners, one of whom serves as chair. After receipt of the GRC filing, the chair either assigns herself, one of the other two commissioners, or a hearing officer, if appropriate, to oversee the GRC proceedings as the presiding officer.

2. DOCKET NUMBER: The PUCN's Business Process Services division assigns a docket number to the application. All subsequent filings (notices, testimony, orders, etc.) for this application will be identified and tracked by the docket number.

3. NOTICE OF APPLICATION & NOTICE OF PREHEARING CONFERENCE: Within 10 business days, the PUCN issues a Notice of Application, typically in combination with a Notice of Prehearing Conference. The notices contain a brief description of the filing or proceeding; the effect of the requested rate change upon consumers; the due date for potential participants in the docket to submit a Petition for Leave to Intervene; the due date for comments to be submitted; and the date a prehearing conference will be held. The notice is published in major newspapers in counties that will be affected by the rate change, at the PUCN's offices in Las Vegas and Carson City, and on the Dockets page on the PUCN's website. People who have subscribed to the appropriate PUCN service list(s) will also be informed of the application. Individuals may request to be placed on the specific docket service list to receive subsequent notices and orders issued by the PUCN in the docket.

4. DISCOVERY: Discovery is information exchanged by the parties to the case to further their investigation; it is not public information. All parties to a proceeding are entitled to conduct discovery. Parties request evidence from the utility, including answers to interrogatories and requests for documentation. Staff

NORTHERN NEVADA

1150 E. Williams St., Carson City, NV 89701

Ph: (775) 684-6101 | Fax: (775) 684-6110

Consumer Complaints: (775) 684-6100

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SOUTHERN NEVADA

9075 W. Diablo Dr., #250, Las Vegas, NV 89148

Ph: (702) 486-7210 | Fax: (702) 486-7206

Consumer Complaints: (702) 486-2600

WHO CAN PARTICIPATE IN GRC PROCEEDINGS?

Participation in the GRC prehearing conference & formal hearings is limited to parties that participate as a matter of right & those who have requested & been granted intervenor status by the presiding officer.

MATTER OF RIGHT PARTIES: The applicant/utility, PUCN Regulatory Operations Staff (Staff) and the Bureau of Consumer Protection participate as a matter of right.

INTERVENERS: An intervenor is a person or organization whose substantial interests may be affected by the PUCN's decision in the docket. Interveners may present technical evidence through witnesses and question other parties' witnesses. Because the BCP represents the collective interests of residential and small business consumers in PUCN proceedings, these two groups are generally not granted intervenor status.

BUREAU OF CONSUMER PROTECTION (BCP): The BCP is part of the Nevada Attorney General's Office. The BCP represents residential and small business customers before the PUCN. The BCP's role is to advocate for reliable utility service at the lowest reasonable cost for residential and small business consumers.

COMMENTERS: A person or organization may participate as a commenter by filing written comments prior to a scheduled proceeding and identify themselves or the organization as a commenter. Comments must adhere to requirements for submitting a pleading outlined in NAC 703.560. Pursuant to NAC 703.491, commenters may file written comments regarding issues in the proceeding, but are not parties to a proceeding. While comments are valuable and may lead to the introduction of evidence by a party (such as Staff or the BCP), comments are not evidence pursuant to NRS 233B.123.

has a special role as investigator. Staff conducts discovery as other parties do, but begins its efforts as early as the date of the filing, and also conducts infrastructure inspections, reviews plant and financial records and assesses the quality of the utility's customer service.

5. PREHEARING CONFERENCE: The purpose of the prehearing conference is to simplify issues and set a hearing and procedural schedule for the GRC. Due dates will be set for Staff and intervenor testimony, rebuttal testimony from the utility, and dates for any consumer sessions that will be held as part of the GRC. At the prehearing conference, the procedural schedule for the GRC application may be split into four phases:

- a. **Cost of Capital:** What return will the utility receive on its debt? What return will the utility have an opportunity to receive on its equity?
- b. **Depreciation:** At what rate will the utility recover the costs of plant used to produce and deliver the utility's product?
- c. **Revenue Requirement:** What is the amount of gross revenues needed by the utility to cover its operating expenses, depreciation, taxes, etc.?
- d. **Cost of Service and Rate Design:** How should the costs of utility service be allocated amongst the utility's various customer classes?

The PUCN typically issues a Procedural Order memorializing the schedule set at the prehearing conference. The Procedural Order is available on the Dockets page on the PUCN's website. People who have subscribed to the appropriate service list(s) will also be informed of the Procedural Order.

6. CONSUMER SESSION(S): By law, the PUCN is required to conduct a consumer session when a utility files a GRC application. Consumer sessions offer a forum for the public to voice opinions about the rate case directly to PUCN commissioners and Staff. The utility is required to provide written notice of the consumer session to its customers. Generally the utility provides this notice on a customer's bill or as an insert to the bill. The PUCN also provides public notice similar to that described for noticing the application.

7. HEARINGS: Each phase of the rate case may have its own hearing dates, as outlined in the prehearing conference. During hearings, parties to the case cross-examine each other's witnesses based on the pre-filed written testimony. The hearings are transcribed.

8. DRAFT ORDER: At the conclusion of the hearings, the presiding officer, with input from PUCN policy advisors and attorneys, writes a draft order. The draft order is based on the evidence in the record (e.g., application, pre-filed written testimony, transcripts). The draft order may approve or disapprove the application, in whole or in part. The Draft Order is available on the Dockets page on the PUCN's website in advance of the agenda meeting.

9. AGENDA MEETING: The draft order is presented to the full commission (three commissioners) at a duly noticed agenda meeting. At the agenda meeting, the commissioners have an opportunity to discuss merits of the application and make modifications to the draft order. At the conclusion of this discussion, the commissioners vote as to whether the application as discussed in the draft order should be granted, denied or modified.

10. COMPLIANCE TARIFFS: After the final order is issued, the utility files draft compliance tariffs in accordance with the order before the new rates take effect. Staff work with the utility to assure that the compliance tariffs properly reflect the order.

11. PETITION FOR RECONSIDERATION OR REHEARING: If any party disagrees with the PUCN's final order, the party has 10 business days from the date the order is issued to file a Petition for Reconsideration or Rehearing. The PUCN has 40 days to answer the petition by either granting or denying it. The party may appeal a denial to the District Court.

MORE INFORMATION

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