NORTHERN NV'S ELECTRIC RATES

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Below is a section of a *sample residential NV Energy bill* for a typical No. Nevada customer. The *sample* shows nine line item charges that add together to equal the customer's total bill due, which is $169.56. Keep reading below to learn about the rates & charges that make up each line item, how those rates originated and how often they change.

1. ELECTRIC CONSUMPTION

Revenue generated by this charge is used by the utility to cover the costs of providing its service to customers and to earn a profit on the investment made by the company and its shareholders. This charge consists of the Base Tariff General Rate and Base Tariff Energy Rate.

Base Tariff General Rate (BTGR): The BTGR is set by reviewing all the utility's revenues, expenses, investments, and costs of capital to determine the amount of revenue the utility requires to cover costs, including a fair return for investors. The BTGR is a backward-looking rate, meaning it's calculated by reviewing actual costs for a previous test year, not by projecting what the utility may need to operate in the future.

- **Origin:** In 1975, the Legislature created the BTGR through passage of Assembly Bill (A.B.) 707. Prior to 1975, there was no distinction for general rates or any other type of rate.
- **Frequency of Change:** The Legislature requires electric utilities to file a General Rate Case (GRC) application at least once every three years. Any change in rates approved by the PUCN will take effect on Jan. 1 of the following year.
- **More Info:** See NRS 704.110(3) & the PUCN's GRC Process Fact Sheet.

ELECTRIC - DOMESTIC SERVICE

Meter Number	Service Category	Service Period From	Service Period To	Bill Days	Meter Readings Previous	Meter Readings Current	Meter Multiplier	Billing Usage
00000000000	KWH	Nov 14	Dec 15	31	5214	6250	1	1,036

ELECTRIC CONSUMPTION **1**	1,036.000	KWH	x	.09833	101.87
NV GREENENERGY RIDER (NGR OPTION 1) **2**	1,036.000	KWH	x	.03977	41.20
DEFERRED ENERGY ADJUSTMENT **3**	1,036.000	KWH	x	.00000	.00
TEMP. GREEN POWER FINANCING (TRED) **4**	1,036.000	KWH	x	.00111	1.15
RENEWABLE ENERGY PROGRAM (REPR) **5**	1,036.000	KWH	x	.00638	6.61
ENERGY EFFICIENCY (EE) CHARGE **6**	1,036.000	KWH	x	.00185	1.92
ENERGY EFFICIENCY AMORTIZATION **7**	1,036.000	KWH	x	.00087 CR	.90 CR
BASIC SERVICE CHARGE **8**					9.25
LOCAL GOVERNMENT FEE **9**				5%	8.06
UNIVERSAL ENERGY CHARGE **10**	1,036.000	KWH	x	.00039	.40
TOTAL ELECTRIC SERVICE AMOUNT					**$169.56**

Base Tariff Energy Rate (BTER): An electric utility generally produces electricity for its customers two ways: 1) by burning fuel (usually coal or natural gas) at its power plants to generate electricity, and 2) by purchasing electricity (referred to as purchased power) from other electric companies to resell to its customers. The BTER reimburses the utility on a dollar-for-dollar basis for fuel and electricity purchased by the utility on behalf of its customers. Utilities cannot, under Nevada law, profit from fuel and purchased power costs. The BTER is calculated by taking the actual fuel and purchased power costs for a recent 12-month period and dividing that number by sales for the same 12-month period. Because of fluctuating costs of fuel and purchased power, it's possible that too much or too little revenue is collected from ratepayers to reimburse the utility on a dollar-for-dollar basis. See the DEA charge below to learn what happens in that case.

- **Origin:** In 1975, the Legislature created the BTER through passage of A.B. 707.
- **Frequency of Change:** The BTER is adjusted on a quarterly basis.
- **More Info:** See NRS 704.110(10) & the PUCN's Fuel & Purchased Power Fact Sheet.

2. NV GREENENERGY RIDER (NGR OPTION 1)

The NV GreenEnergy Rider (NGR Option 1) rate does not appear on all residential bills. It appears only on the bills of customers who volunteer to participate in NV Energy's NV Green Energy Choice program. (As of June 2013, the NV Green Energy Choice program is available only to NV Energy's Northern Nevada customers.)

NV GreenEnergy Rider (NGR Option 1): Customers who enroll in the NV Green Energy Choice program contract to have 50% to 100% of their monthly electricity consumption charged at the NGR rate, which is a higher rate to support the increased use by the utility of renewable energy in the generation of electricity. The NGR rate is revenue neutral; it does not allow the company to earn a profit.

- **Origin:** In 1995, the Nevada Legislature passed SB 503, which authorized electric utilities to implement a program of optional pricing for electricity derived from renewable energy resources. In November 2012, NV Energy submitted an application (Docket No. 12-11023) to the PUCN to establish the NV GreenEnergy Rider for a green energy pricing program. The PUCN approved the application in June 2013.
- **Frequency of Change:** The NGR rate is calculated annually and is included in the utility's August quarterly BTER update filing, with any changes in rate taking effect on October 1. Like the BTER, the NGR rate is also updated quarterly.
- **More Information:** See NV Energy's tariff to review the NV GreenEnergy Rider rules and to learn how the rate is calculated.

3. DEFERRED ENERGY ADJUSTMENT (DEA)

This rate is the difference between the money the utility collected for fuel and purchased power costs and the actual costs for the fuel and purchased power. If more revenue was collected through the BTER than was required to reimburse the utility on a dollar-for-dollar basis, this rate will show as a credit on electric bills. If less money was collected to reimburse the utility on a dollar-for-dollar basis, the DEA will show as a charge on electric bills. In the sample bill to the left, the line item shows that $0 was charged or credited to the customer, which may change to a credit or charge with the rate's quarterly adjustments.

- **Origin:** The Legislature created the DEA in 1975 through A.B. 707.
- **Frequency of Change:** In addition to quarterly adjustments, electric utilities must also file an annual Deferred Energy Accounting Adjustment (DEAA) application to allow the PUCN to review the reasonableness and prudence of the utility's fuel and purchased power costs. Pursuant to NRS 704.187, annual DEAA applications must be filed in March and any change in the rate becomes effective 210 days later on Oct. 1.
- **More Info:** See the PUCN's Fuel & Purchased Power Fact Sheet.

4. TEMP. GREEN POWER FINANCING (TRED)

TRED stands for Temporary Renewable Energy Development. The Legislature established this trust to assure payment for the costs of renewable energy to developers who had approved contracts to sell electricity to NV Energy, but who were having trouble getting financing to build their renewable energy generating plants at the time the TRED was established in 2005. The TRED rate is payment for these contracts. Nevada Solar One is the only renewable generating plant that is paid through the TRED trust and the TRED has been closed to any additional applicants. NAC 704.8898 describes how the TRED rate is calculated.

- **Origin:** In 2005, the Legislature created the TRED through passage of A.B. 3 (Section 23) during the 22nd Special Session.
- **Frequency of Change:** Annually in the utility's DEAA application.
- **More Info:** See NRS 704.7827 & NAC 704.8894 - NAC 704.8899.

5. RENEWABLE ENERGY PROGRAM (REPR)

In the ***sample bill*** above, the customer is charged $6.61 to fund the renewable energy programs listed below.

Solar Energy Systems Incentive Program (SESIP): Rebate program for electric utility customers who install solar photovoltaic systems. NAC 701B.140 explains how the SESIP rate is calculated.

- **Origin:** In 2007, the Legislature created the SESIP through the passage of Senate Bill (S.B.) 437, which repealed the Solar Energy Demonstration Program and replaced it with the SESIP.
- **Frequency of Change:** Annually in the utility's DEAA application.
- **More Info:** See NAC 701B & NRS 701B.

Wind Energy Systems Demonstration Program (WIND): Rebate program for electric customers who install wind energy systems. NAC 701B.495 explains how the WIND rate is calculated.

- **Origin:** In 2007, the Legislature created this rate through passage of S.B. 437.
- **Frequency of Change:** Annually in the utility's DEAA application.
- **More Info:** See NAC 701B & NRS 701B.

Waterpower Energy Systems Demonstration Program (WATERPOWER): Program for agricultural customers who install waterpower energy systems. NAC 701B.675 explains how the WATERPOWER rate is calculated.

- **Origin:** In 2007, the Legislature created the WATERPOWER rate through passage of S.B. 437. In 2011, the Legislature passed A.B. 380 to extend the life of the WATERPOWER to Dec. 31, 2021.
- **Frequency of Change:** Annually in the utility's DEAA application.
- **More Info:** See NAC 701B & NRS 701B.

6. ENERGY EFFICIENCY (EE) CHARGE

The EE Charge line item combines the two rates listed below.

Energy Efficiency Program Rate (EEPR): The Legislature established the EEPR to allow electric utilities to recover energy efficiency and conservation program costs, such as refrigerator recycling, pool pump and heating rebates, and discounts for LED light bulbs. Program costs include labor, overhead, materials, incentives paid to customers, advertising, marketing, monitoring and evaluation. See NAC 704.9523 for information on how the EEPR is calculated. It's possible that too much or too little revenue is collected from ratepayers to reimburse the utility for program costs. See EEA below to learn what happens in those cases.

- **Origin:** In 2009, the Legislature created the EEPR through passage of S.B. 358.
- **Frequency of Change:** Annually in the utility's DEAA application, based upon budgets prepared by the electric utilities and approved by the PUCN in a triennial budget filing.
- **More Info:** See NAC 704.9523.

Energy Efficiency Implementation Rate (EEIR): The Legislature established the EEIR to allow electric utilities to recover the measurable and verifiable effects of the utilities' energy efficiency and conservation programs, known as "lost revenues." The EEIR reimburses the utility for revenue lost because customers purchase energy efficient appliances (refrigerators, pool pumps, light bulbs, etc.) and, therefore, use less energy. It's possible that too much or too little revenue is collected from ratepayers to reimburse the utility for lost revenues. See EEA below to learn what happens in those cases.

- **Origin:** In 2009, the Legislature created the EEIR through passage of S.B. 358.
- **Frequency of Change:** Annually in the utility's DEAA application, based upon budgets prepared by the electric utilities and the measured and verified effects of energy efficiency and conservation programs as filed for PUCN approval.
- **More Info:** See NAC 704.9524.

7. ENERGY EFFICIENCY AMORTIZATION (EEA)

This rate recovers or refunds the difference between the collected EEPR and EEIR revenues and recorded program costs and lost revenues. In the above ***sample bill***, the customer is refunded $0.90 because the PUCN found the utility over-collected through the EEPR and EEIR. The EEA item would show as a charge if the EEPR and EEIR were found to have been under-collected.

- **Origin:** The Amortization EEPR and Amortization EEIR were defined in the PUCN's rulemaking to implement the requirements of S.B. 358. They are the balancing mechanism to adjust for the over- or under-collection of the EEPR and EEIR rates.
- **Frequency of Change:** Annually in the utility's DEAA application.
- **More Info:** See NAC 704.9524 & NAC 704.9523.

8. BASIC SERVICE CHARGE

The Basic Monthly Service Charge is a flat fee that reimburses the utility for its investment in meters, power lines, and other distribution facilities not recovered in other charges, as well as customer related expenses that do not vary with electric use. All residential customers pay the same amount each month, regardless of how much electricity the customer uses because the cost is fixed and does not vary based on usage. (Non-residential customers pay a higher basic service charge than residential customers.)

- **Origin:** The Legislature established the Basic Monthly Service Charge through passage of A.B. 707 in 1975.
- **Frequency of Change:** The Legislature requires electric utilities to file a General Rate Case (GRC) application at least once every three years. (NRS 704.110(3)) The basic monthly service charge is subject to change based on the GRC filing.
- **More Info:** See the PUCN's GRC Process Fact Sheet.

9. LOCAL GOVERNMENT FEE

This line item consists of fees imposed by local governments, including business license taxes, franchise fees, and right-of-way fees. In 1995, the Nevada Legislature passed S.B. 568 to establish a 5% cap on the fees that a local government can impose on the gross revenues of public utilities that are derived from customers located in the local government's jurisdiction. In Northern Nevada, local governments have imposed fees ranging from 2% to 5%. These fees are not kept by the utilities but are passed through to the local governments.

10. UNIVERSAL ENERGY CHARGE

The Universal Energy Charge (UEC) funds energy assistance and conservation programs for low-income consumers. Seventy-five percent of the fund is distributed to the Nevada Division of Welfare and Support Services to assist low-income households pay electric and natural gas bills. Twenty-five percent of the fund is distributed to the Nevada Housing Division to assist low-income households implement energy conservation, energy efficiency and weatherization strategies.

- **Origin:** In 2001, the Legislature established the UEC through passage of A.B. 661 (Sections 26.05 to 26.95).
- **Frequency of Change:** Pursuant to NRS 702.160, a UEC of 0.39 mills (a mill is one-tenth of a cent) per kWh is collected on electric bills. The charge of 0.39 mills per kWh has not changed since the Legislature established the UEC in 2001.
- **More Info:** See NRS 702.160 and the websites for the Division of Welfare and Support Services and the Nevada Housing Division.