

**State of Nevada
Public Utilities Commission of Nevada
2011 Biennial Report**



July 1, 2008 through June 30, 2010



BRIAN SANDOVAL
Governor

STATE OF NEVADA
PUBLIC UTILITIES COMMISSION

SAM THOMPSON
Chairman

REBECCA WAGNER
Commissioner

ALAINA BURTENSHAW
Commissioner

CRYSTAL JACKSON
Executive Director

January 27, 2011

His Excellency Brian Sandoval
Governor of the State of Nevada
State Capitol
Carson City, NV 89701

Dear Governor Sandoval:

On behalf of the Public Utilities Commission of Nevada ("Commission"), I am pleased to provide you with the 2011 Biennial Report. The report is published pursuant to Nevada Revised Statutes 703.180 and is a summary of the Commission's operations and performance from July 1, 2008 through June 30, 2010. It summarizes the Commission's statutory responsibilities, significant cases and proceedings.

By means of this report we wish to outline to you, members of the Legislature and the citizens of Nevada, the work and services of the Commission and look forward to serving you and the people of Nevada in the coming years. We make every effort to be responsive to our internal and external responsibilities.

As a leader for the State of Nevada in energy efficiency and conservation we have presented this report to you in an electronic format to avoid unnecessary use of paper and printing resources.

Respectfully submitted,


Crystal Jackson
Executive Director

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PUBLIC UTILITIES COMMISSION OF NEVADA

2011 BIENNIAL REPORT

Pursuant to Nevada Revised Statute (“NRS”) 703.180, the Public Utilities Commission of Nevada (“Commission”) herein publishes its 2011 Biennial Report, covering the period July 1, 2008, through June 30, 2010.

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ABOUT THE PUBLIC UTILITIES COMMISSION OF NEVADA

MISSION

Supervise and regulate the operation and maintenance of utility services in Nevada.

VISION

Ensure safe, reliable, utility service at just and reasonable rates.

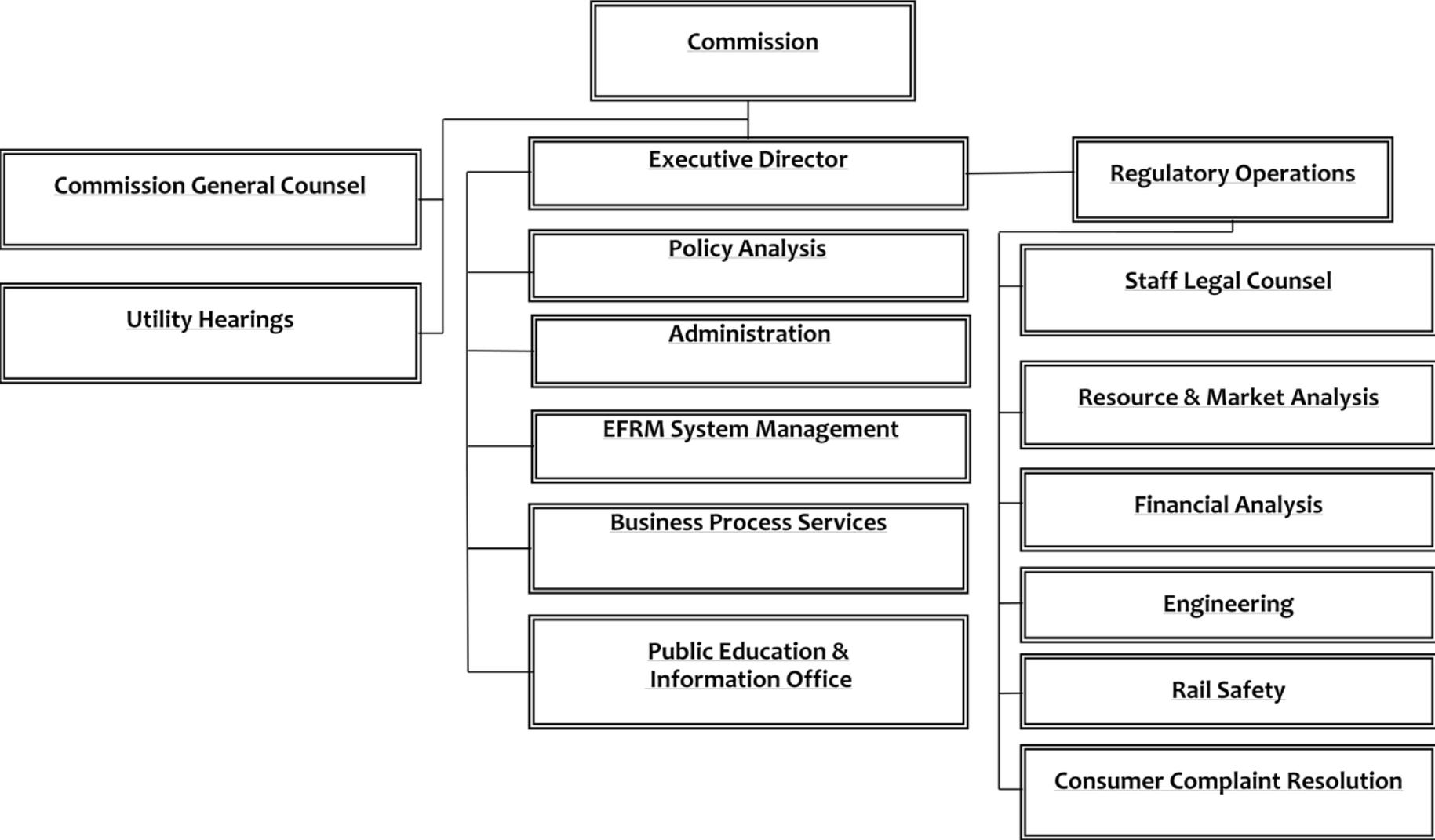
PHILOSOPHY

Strive to be efficient, flexible, impartial, diligent and professional in all efforts.

The Commission regulates public utilities engaged in electric, natural gas, telephone, water and wastewater services; gas and electric “master meter” service at mobile home parks; and some propane systems. The Commission is also involved in monitoring gas pipeline, rail safety, and underground excavation near subsurface installations.

NRS Chapters 426, 455, 701, 701B, 702, 703, 704, 704A, 704B, 705, 707, 708, 709, and 710 set forth the enabling legislation for the Commission’s regulatory duties. As a state agency, the Commission is subject to the Nevada Administrative Procedure Act and the Nevada Open Meeting Law requirements as delineated in NRS Chapters 233B and 241, respectively, and performs its regulatory functions in accordance with these statutes.

Organizational Chart



FTE's: 96 to include 2 ARRA Federal Grant Funded Positions
(Commission Policy Advisor and Electrical Engineer)

COMMISSION

The Commission is comprised of three Commissioners who are appointed by the Governor to four-year terms. The Governor designates one of the Commissioners to act as Chairman of the Commission.

In contested matters, rulemakings, and investigations, a Commissioner is assigned to govern the proceedings to act as the Presiding Officer. The Presiding Officer, in contested cases, acts in a quasi-judicial manner by receiving and ruling on the admissibility of evidence and amendments to pleadings, acting upon any pending motions which do not involve a final determination of the proceeding, issuing appropriate interim orders, ruling on all procedural matters, setting timeframes for oral testimony and making findings of fact and conclusions of law for the full Commission to consider. Witnesses are presented and are subject to cross-examination by the other parties, Commissioners and Commissioners' advisors. Likewise, in rulemaking proceedings, the Presiding Officer receives public comment on proposed regulations.

All matters over which the Commission has supervision, control, jurisdiction or advisory power must be approved by a quorum of Commissioners during a public agenda meeting. Thus, during these meetings, the Commissioners vote on Staff and General Counsel recommendations for resolution of matters which did not go to hearing, and vote on other recommendations presented by the Presiding Officer for final determination of matters in which hearings were held.

Sam A. Thompson, Chairman

Sam Thompson has been a member of the Commission since 2007. Prior to his appointment, Chairman Thompson was a Commissioner on the Nevada Transportation Authority and served on the Nevada Standing Committee on Judicial Ethics and Election Practices. Previous to these appointments, Chairman Thompson was a civil arbitrator/mediator panelist in the Las Vegas office of JAMS, The Resolution Experts. He has also been a planning and training consultant for the United States Department of Justice, National Academy of Corrections and has presented legal seminars around the country.

Chairman Thompson spent 25 years with Shelby County Tennessee (Memphis) Government in a variety of judicial and administrative positions, including an eight-year term in Division VI of the Shelby County General Sessions Court, administrator of corrections for Shelby County Government, and superintendent of the Shelby County Correction Center. Chairman Thompson also maintained a private law practice, focusing on civil rights litigation in the federal trial and appellate courts and employment/administrative litigation in the state trial and appellate courts.

Chairman Thompson holds a bachelor's degree in English from the University of Memphis and a juris doctor degree. He is a member of the National Association of Regulatory Utility Commissioners' Committee on Electricity and the New Mexico State University Center for Public Utilities' Advisory Board.

Rebecca D. Wagner, Commissioner

Rebecca Wagner has been a member of the Commission since 2006. Prior to her appointment, Commissioner Wagner served as then-Governor Kenny Guinn's Energy Advisor and as the Director of the Nevada State Office of Energy. From 1997 to 2003, Wagner worked for a Nevada-based geothermal company that owned, operated and developed geothermal projects.

Commissioner Wagner holds a bachelor's degree from the University of Nevada, Reno. She is a member of the National Association of Regulatory Utility Commissioners, the Western Interconnection Regional Advisory Body, and the Committee on Regional Electric Power Cooperation. Commissioner Wagner also served on Governor Gibbons' Renewable Energy Transmission Access Advisory Committee. She was a recipient of the PVNow 2006 Solar Champion Award and the Nevada Renewable Energy Leadership Award in 2010.

Alaina Burtenshaw, Commissioner

Alaina Burtenshaw has been a member of the Commission since 2010. Prior to her appointment, Commissioner Burtenshaw worked for the Commission's Regulatory Operations Staff for 17 years. As an Assistant Staff Counsel and later the Staff Counsel, she represented the Regulatory Operations Staff in hundreds of cases before the Commission. Commissioner Burtenshaw worked in private practice in Las Vegas from 1987 to 1992, where she focused on administrative law.

Commissioner Burtenshaw holds a bachelor of arts degree in history from Idaho State University and a juris doctor degree from the University of Nebraska-Lincoln. She is a member of the National Association of Regulatory Utility Commissioners' Committee on Water.

EXECUTIVE DIRECTOR

The 2009 Legislature passed Assembly Bill 510 which created the position of Executive Director. The Executive Director, under the authority of the Commission as a whole, is appointed by and serves at the pleasure of the Commission.

The Executive Director directs the daily operations of the agency, previously performed by the Commission's Chairman. The Executive Director also serves as chief financial officer and supervises and manages the overall administrative operations of the agency, to include Regulatory Operations. The Executive Director ensures that all employees perform at a high level of competence and professionalism.

The Commission appointed Crystal Jackson as Executive Director in 2009. Prior to being appointed Executive Director, Ms. Jackson served as Commission Secretary, Assistant Commission Secretary and Legal Case Manager at the Commission.

ADMINISTRATION

Administration is responsible for the overall administrative operations of the agency, to include Regulatory Operations. Administration's responsibilities include: budget and fiscal management; assessments, fees, and administrative fines; human resources and management services; computer systems and operations; as well as the timely docketing, complete filing and processing, and proper record keeping of Commission findings.

BUSINESS PROCESS SERVICES

Business Process Services is responsible for the Commission's core business processes relating to docket management. This includes implementing processes necessary to support the acceptance and management of "legally defensible" electronic documents and records. Business Process Services also manages the master dockets, prepares agenda meeting notices, meeting minutes and maintains the Commission's hearing room calendars.

EFRM SYSTEM MANAGEMENT

EFRM System Management is responsible for ensuring that the Commission's Electronic Filings and Records Management ("EFRM") system is operational and available for use by employees of the Commission; access to public records stored in EFRM are available and accessible by utilities, the general public, media, and other governmental entities; that the technical infrastructure of EFRM is leveraged, enhanced and maintained based on the needs of the Commission; that the records stored in EFRM can be archived for historical purposes; that EFRM supports the submission of electronic filings submitted over the Internet and over the counter; that EFRM security is maintained; and support, training and documentation for use of EFRM is available.

COMMISSION GENERAL COUNSEL

General Counsel is responsible for representing the Commission's interests in all proceedings in state and federal court. The division represents the Commission's interests before various state and federal regulatory agencies. The division is also responsible for case management which includes reviewing filings received by the Commission for legal completeness and compliance with NRS and NAC. Case management is also responsible for preparing legally sufficient notices and orders as well as other legal documents for the Commission. General Counsel's office also reviews the Commission's administrative procedures to assure compliance with the Administrative Procedures Act and the Open Meeting Law as well as other statutes and regulations applicable to the Commission. General Counsel conducts in-house training on writing legally sufficient orders and hearing procedures.

UTILITY HEARINGS

Utility Hearing Officers conduct administrative hearings on applications to provide utility services, tariff rates, financial practices, jurisdictional issues and consumer complaints, write administrative orders, and arbitrate disputes between telecommunications providers. The decisions of Hearing Officers are subject to appeal by the Commission in the same manner that the decisions of a

Presiding Officer are subject to appeal and review by the Commission. The Hearing Officer, however, is not able to vote on any matter before the Commission.

POLICY ANALYSIS

Policy Analysis is responsible for providing technical support and advice to the Commissioners. This involves evaluating, analyzing and interpreting utility data; drafting orders and regulations and ensuring they are technically accurate, consistent and complete; and providing technical assistance to the Commission during hearings and rulemaking sessions. The division also provides technical assistance to General Counsel during all proceedings before state and federal courts as well as federal regulatory agencies.

PUBLIC EDUCATION AND INFORMATION

The public education and information officer is responsible for coordinating external communications with the public, media, financial community, trade organizations, and other interested groups. The officer is responsible for producing and disseminating press releases, consumer informational brochures, various reports and other printed materials; and coordinates consumer education activities.

REGULATORY OPERATIONS

Regulatory Operations appears and participates in cases before the Commission as an independent party, balancing the interests of ratepayers and utility shareholders to ensure safe and reliable service at just and reasonable rates.

DIRECTOR OF REGULATORY OPERATIONS

The Director of Regulatory Operations supervises and manages all aspects of Regulatory Operations, consisting of Staff Legal Counsel and five technical divisions. Responsibilities include: organizing and managing all regulatory functions, making recommendations to the Commission regarding public utility matters, and assuring that consumer issues are resolved fairly.

STAFF LEGAL COUNSEL

Staff Legal Counsel is responsible for providing legal counsel and support to Regulatory Operations management and employees. These duties include: formulating legal strategy and legal positions regarding utility filings; drafting case discovery; reviewing utility filings for legal adequacy and content; and preparing pleadings, briefs, responses to petitions, stipulations and other filings applicable to the regulation of Nevada utilities.

RESOURCE AND MARKET ANALYSIS

Resource and Market Analysis is responsible for all economic analyses of public utility performance; rate design; operating authority; mergers; competition; interconnection; and tariff reviews. The

division also provides information to the public regarding installation of renewable facilities, participation in the renewable portfolio standard, and the availability of incentive or subsidy programs.

FINANCIAL ANALYSIS

Financial Analysis is responsible for all financial analyses of public utility performance, including project management and audit of deferred energy and purchase gas adjustments, mobile home park utility expenditures, operating authority, annual reporting, and monitoring universal energy charge collections.

ENGINEERING

Engineering is responsible for monitoring the implementation of electric renewable portfolio standards and demand-side management activities as well as forecasting Nevada's electric energy and capacity requirements. The division monitors water and wastewater utilities for quality of service, environmental compliance and financial performance; and reviews UEPA applications for construction permits to construct utility infrastructure. The division also implements a gas pipeline safety program in conjunction with the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration.

RAIL SAFETY

Rail Safety implements a rail safety program in conjunction with the U.S. Department of Transportation, Federal Railroad Administration. The division participates in the enforcement of federal safety regulations and orders applicable to railroad track, hazardous materials shipments, rolling equipment and operations in Nevada. The division also reviews applications to modify or construct new railroad crossings.

CONSUMER COMPLAINT RESOLUTION

Consumer Complaint Resolution is responsible for responding to utility consumer needs, problems and inquiries. The division is responsible for receiving, investigating and mediating complaints that arise between customers and their serving utilities including electric, natural gas, telecommunications, water and sewer. The division is also responsible for consumer outreach efforts to promote public understanding of the Commission and its function.

FUNDING AND BUDGET

While the Commission is a relatively small agency with 96 full time employees, including two positions funded by a federal grant through the American Recovery and Reinvestment Act of 2009 (“ARRA”), and actual operating expenses of approximately \$22.3 million for July 2008-June 2010 (the “biennium”), it regulates various operations of nearly 400 gas, electric, telecommunications, water, and wastewater utilities along with gas pipeline and railroad safety issues in Nevada, which affect the daily lives of all Nevadans.

The Commission’s budget is funded primarily through an annual regulatory assessment levied against public utilities in the state for which they receive recovery from their ratepayers. The annual regulatory assessment was set at 1.95 mills for Fiscal Year 2009 and 1.9 mills for Fiscal Year 2010, some of the lowest rates in recent history. The statutory maximum is 3.5 mills.

Throughout the biennium, the Commission has demonstrated a commitment to eliminate unnecessary expenditures while continuing to improve operating and administrative efficiencies. As a result of these efforts, the Commission’s expenditures were 6.4% below the legislatively-approved budget for the biennium. It is through this commitment that the Commission can keep the annual regulatory assessment rate low and pass the savings on to Nevada ratepayers.

The rail safety program conducts inspections in four major categories: Hazardous Material, Operating Practices, Track and Motive Power & Equipment. The program is funded through a combination of assessments on railroads and a portion of the hazardous waste disposal fees paid to the State.

The Commission also implements the federal gas pipeline safety program conducting safety inspections of natural and propane gas distribution and transmission systems statewide. The federal government reimburses nearly half of the costs of the program.

Also, the Commission promotes and enforces the State’s One-Call Program (Call-Before-You-Dig).

In addition, the Commission received an ARRA grant in Fiscal Year 2010. The funding from this grant will enable the Commission to enhance the expertise of staff (existing and two new positions) in providing testimony/advice on renewable energy and energy efficiency dockets; providing oversight on the utility renewable incentive programs; tracking and verifying portfolio energy credits generated by net-metered customers; inspecting renewable energy generators for compliance and applicability, providing educational outreach on renewable energy and energy efficiency programs; and providing testimony/advice on proposed transmission lines.

For the biennium, the Commission managed and monitored the collection, audit, and disbursement of the following revenues:

- (a) Regulatory assessments for the operations of the Commission and Attorney General’s Bureau of Consumer Protection (NRS 704.033), totaling approximately \$24.3 million;
- (b) Universal energy charge assessments for the Nevada Department of Business and Industry Housing Division and Nevada Department of Health and Human Services

- Division of Welfare and Supportive Services (NRS 702.160), totaling approximately \$24.4 million;
- (c) Access line surcharge for the Department of Health and Human Services Office of Disability Services (NRS 426.295), totaling approximately \$2.4 million;
 - (d) Inspection fees for the Commission's Rail Safety Inspection Program (NRS 704.309), totaling approximately \$802,138;
 - (e) Administrative fines and civil penalties assessed by the Commission and transferred to the State's General Fund (NRS 703.380; NRS 455.170), totaling approximately \$49,300;
 - (f) Three federal Department of Transportation grants: one for the Commission's Gas Pipeline Safety Program and two for the Commission's Gas Pipeline Safety Damage Prevention Program, totaling approximately \$835,901; and
 - (g) One federal ARRA grant in Fiscal Year 2010 totaling approximately \$99,000.

ELECTRIC

Overview

The Commission has broad regulatory authority to implement the State's energy policies, including developing renewable energy resources within Nevada and promoting energy conservation, while promoting safe and reliable service at just and reasonable rates. The Commission's primary electric utility regulatory activities include:

- Establishing the rates charged by an electric utility for service. The rates charged consist of various components intended to recover a particular cost, with the two largest being purchased power costs and general costs. The latter recovers all other costs of operating the business.
- Evaluating the utility's long-term plan for generation and transmission to fulfill its obligation to serve the retail customers located in its service territory. Its evaluation encompasses both conservation and supply options, with consideration of Nevada's renewable portfolio standard requirements. Further, the Commission evaluates the utility's short-term plan for meeting its obligations.
- Issuing permits for the construction of utility facilities in certain circumstances.
- Evaluating the utility's plans for compliance with the Nevada solar generation, wind generation demonstration and water generation demonstration programs.
- Authorizing the issuance of security transactions.

The Commission regulates the electric operations of two utilities, Nevada Power Company ("NPC") and Sierra Pacific Power Company ("SPPC"), which in the biennium started doing business as "NV Energy" in both Southern and Northern Nevada.

Base Tariff Energy Rate

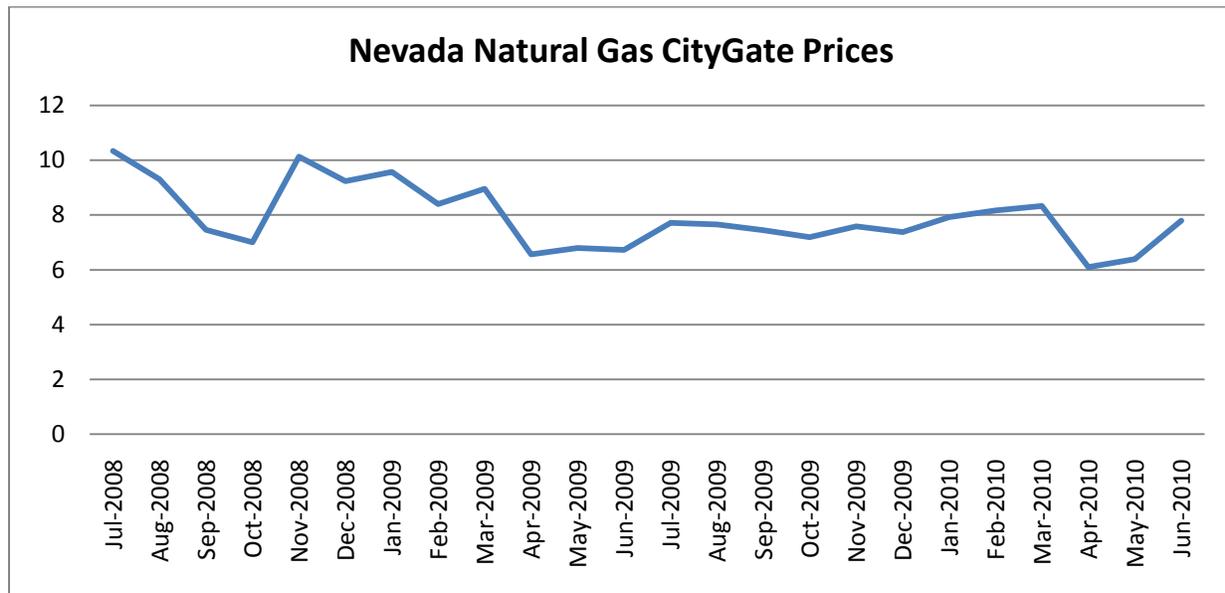
Overview

The single largest component of NPC's and SPPC's rates is the Base Tariff Energy Rate ("BTER"), which accounts for over 50 percent of the revenues collected by each utility. The BTER is a rolling 12-month average cost of fuel and purchased power the utility experienced. NRS 704.110(9) requires the utility to set the BTER rate quarterly without Commission review or approval. However, the Commission must annually review the quarterly BTER filings as part of the annual deferred energy accounting adjustment (true-up to actual cost) filing. In 2009, SPPC paid approximately \$425 million and NPC paid \$1.2 billion for fuel and purchased power.

Outside Events

Natural gas is not only the primary fuel used by both NPC and SPPC to generate electricity but also the benchmark fuel used in establishing the price of purchased power in the wholesale market. During the biennium, the natural gas commodity market experienced a significant reduction in prices as indicated by Nevada's CityGate natural gas price declining from \$10.34 per 1,000 cubic feet in July

of 2008 to \$7.80 in June of 2010, a 25% decline. This price decline generally coincided with the downturn in the economy.



Commission Proceedings

NPC and SPPC each filed eight quarterly BTER filings during the biennium.

Deferred Energy Accounting Adjustment

Overview

The deferred energy accounting adjustment (“DEAA”) is the rate authorized by the Commission for the utility to collect the difference between the reasonably and prudently incurred generation fuel and purchased power costs and the actual funds collected by the BTER. Deferred energy accounting is the practice which provides for the monthly deferral of increased or decreased energy costs experienced during a specific period and the amortization of those costs during a subsequent period to the extent that an electric utility does not collect more or less than its actual cost of fuel for electric generation and purchased power which is prudently incurred.

NPC and SPPC both file DEAA cases annually. The purpose of these proceedings is to review the approximately \$1.6 billion in purchased power and fuel costs for prudence and to make adjustments as indicated; review the quarterly BTER calculations; and establish a rate to either collect or refund any over/under collections. The Commission acts upon these applications within 210 days.

Commission Proceedings

During the biennium, the Commission processed four DEAA applications.

General Rates

Overview

General rate changes (“GRC”) are intended to establish rates to collect utility costs except those for fuel and purchased power, which are collected through the BTER and DEAA.

The base tariff general rate (“BTGR”) revenues collected through this rate were approximately \$1.1 billion for NPC and approximately \$400 million for SPPC per year. The Commission acts upon these applications within 210 days.

Commission Proceedings

In December 2008, NPC filed a GRC application requesting an increase to general revenues of \$323.9 million, a return on equity (“ROE”) of 11 percent and overall weighted average rate of return (“ROR”) on rate base, utility investment, of 8.88 percent, with rate base increasing by \$1.4 billion. NPC’s application included a statement of expected changes (NRS 704.110(4)) which accounted for \$137 million of the requested increase. The Commission issued its order in June 2009 with rates effective as of July 1, 2009 and fully implemented on January 1, 2010. The Commission’s order resulted in the following significant items:

- Increased general rates by \$223.7 million, a 10.08 percent increase, of which \$97.6 million were expected changes.
- Increased rate base by \$1.1 billion, a 32.3 percent increase.
- Adopted an ROE and ROR of 10.5 percent and 8.66 percent, respectively.
- Retained the commercial class rate structure with the pre-existing percentage of fixed costs collected in the kilowatt hour charge.
- Reduced the single-family residential class subsidy.
- Opened an investigation to gather information regarding low-income energy usage among regulated utilities in the state and to formulate appropriate policy responses.

The rate increase was phased in to promote rate stability and gradualism by recognizing the significant BTER decrease that was expected to occur on January 1, 2010. A three percent increase was implemented on July 1, 2009, and the remainder on January 1, 2010.

In June 2010, SPPC filed a GRC application requesting an increase to general revenues of \$29.3 million, and an ROE of 10.75 percent.

Resource Planning

Overview

NRS 704.741 provides that an electric public utility must submit a triennial integrated resource plan (“IRP”) to the Commission to increase its supply of electricity or decrease the demands made on its system by its customers. It is the electric utility’s long-term plan identifying both supply requirements necessary to meet its forecasted service obligations (“load”) for the next 20 calendar year period and the manner it proposes to fill this need (“supply plan”). The load is the net of any reduction associated with currently implemented conservation and efficiency programs (“demand

side management programs”) and those programs planned to be offered during the 20-year planning period.

Additionally, the electric utility illustrates those actions necessary to perform during the next three calendar years to implement the selected plan to meet its 20-year forecasted service obligation. The actions include implementing demand side management (“DSM”) programs and acquisition of supply resources including transmission facilities for renewable energy systems. Further, the utility must include a plan for acquiring the forecasted fuel and purchase power supply for the three years covered by the action plan. The Commission acts upon these applications within 180 days.

In addition to the IRP application, the electric utility may make additional filings updating or amending the action plan. These include changes to the action plan filed as amendments and annual DSM update reports indicating the estimated energy and capacity savings and proposed modifications to the DSM plan, including budget modifications. The Commission acts upon these applications within 135 days.

An electric utility is required to file an energy supply plan each triennium as part of its IRP for the three-year period covered by the action plan. An electric utility is required to file an energy supply update each year during the interim years indicating how utilities intend to mitigate the costs and volatility of generation fuel and purchase power through hedging and various purchase strategies for the remaining years of the three-year period.

While transmission has consistently been an integral part of Nevada’s integrated resource planning process since its inception in 1983, transmission has taken new prominence given Nevada’s emphasis on developing renewable energy. In conjunction with increasing the State’s portfolio standard requirement, Assembly Bill 387 (2009) specifically allows the Commission to consider a transmission plan solely for the purposes of portfolio standard compliance. The utility is allowed to file a transmission plan with the Commission to expand existing or construct new facilities to serve renewable energy geographic zones identified by the Commission as having sufficient resources to develop substantial generation capacity and where inadequate transmission capacity exists. The Commission adopted regulations identifying the zones and clarifying the resource planning process.

Commission Proceedings

During the biennium, the Commission acted upon two IRP filings from NPC and seven amendments to NPC’s previously approved plan. Also, the Commission acted upon eight amendments to SPPC’s plan. Additionally, the Commission processed three annual DSM reports.

Of note, the Commission approved the postponement of the construction of the \$5 billion Ely Energy Center coal plant. The Commission also approved the construction of the One Nevada (ON) Line transmission project, which will link the northern and southern portions of the State electrically allowing shared resources. The Commission also accepted NPC’s natural gas transportation strategy, which was embodied in the NPC/Kern River Gas Transmission Company precedent agreement. The agreement acquires 400,000 MMBtu per day of additional interstate natural gas pipeline capacity and promotes natural gas reliability, which increases NPC’s electric service reliability.

The Commission also processed two dockets regarding the roll-out and implementation of a Dynamic Pricing Trial which accompanies the roll out of smart meters in both Northern and Southern Nevada.

Utility Environmental Protection Act

Overview

NRS 704.865 provides that a person, other than a local government, constructing a utility facility in Nevada must obtain a Utility Environmental Protection Act (“UEPA”) permit from the Commission. The process balances the potential environmental impact of a proposed utility with the public interest served by such facility.

The Commission issues a UEPA Permit to construct utility facilities once all other relevant permits have been obtained by the developer.

Commission Proceedings

The Commission received twenty-seven UEPA filings during the biennium, many of which were renewable-related generation or transmission facilities.

RENEWABLE ENERGY AND ENERGY EFFICIENCY

Overview

The Commission has regulatory authority over many aspects of renewable energy and energy efficiency in Nevada. This authority includes oversight of the Renewable Portfolio Standard (“RPS”), the renewable energy incentive programs and DSM programs.

RPS

Overview

The RPS was first adopted by the Nevada Legislature in 1997 and has been modified nearly every legislative session since then. The RPS is based on a percentage of electricity sold to retail customers and increases every two years until it reaches 25 percent in 2025. Included within the RPS is a solar carve-out of 5 percent through 2015 which increases to 6 percent beginning in 2016. Finally, energy efficiency measures can be used to comply with up to 25 percent of the annual RPS requirement. Of the 25 percent, 50 percent must come from measures installed on residential customer locations. The RPS is based on a system of portfolio energy credits which is defined as a credit that is earned from a renewable energy system or an energy efficiency measure. Each year, providers of electric service must submit to the Commission a report on compliance with the RPS. The Commission determines if the provider has met the requirements and if not, the Commission may impose a fine, provide an exemption or take other administrative action.

Commission Proceedings

During the biennium, Shell Energy North America (provider of electric services for Barrick Goldstrike Mines) filed two Annual Reports on compliance with the RPS. The Commission determined that Shell Energy was in compliance with the RPS in 2008 and 2009.

SPPC and NPC each filed two Annual Reports on compliance with the RPS. The Commission determined that SPPC and NPC were in compliance with the RPS in 2008. For 2009, the Commission determined that SPPC was in compliance, but NPC had failed to meet the non-solar portion of the RPS. As a result, NPC agreed to invest between \$150,000 and \$192,000 in one or more solar photovoltaic systems located on the premises of a school or public building in its service territory.

Incentive Programs

Overview

The Nevada Legislature has created several incentive programs to encourage the development of renewable energy. These programs include the Solar Energy Systems Incentive Program (“Solar Program”), the Wind Energy Systems Demonstration Program (“Wind Program”) and the Waterpower Energy Systems Demonstration Program (“Waterpower Program”). The 2009 Legislature modified the programs to accommodate greater demand. The programs offer rebates to customers for installing solar, wind and waterpower systems on homes, small businesses, public buildings or schools.

The 2009 Legislature also enacted Senate Bill 188 creating a Solar Thermal Systems Demonstration Program (“Solar Thermal Program”) for natural gas utilities. The Solar Thermal Program offers rebates to customers who install solar thermal systems to offset natural gas usage.

Commission Proceedings

During the biennium, SPPC and NPC each filed two Annual Plans for the Solar, Wind and Water Programs. In addition to the Annual Plans, the Commission received more than a dozen petitions requesting approval to exceed the capacity cap for schools in the Solar Program. By statute, the individual capacity cap for a solar facility on a school is limited to 50 kilowatts (“kW”) unless the Commission determines that it is more practicable to exceed the cap.

The Commission promulgated regulations for the new Solar Thermal Program as well as modified regulations for the existing programs. Due to increased interest in renewable energy programs and policy, the Commission conducted a number of investigations. Notably, the Commission investigated the renewable energy policy known as “feed-in tariffs” and issued a report with its findings.

Energy Efficiency

Overview

With the inclusion of energy efficiency measures within the RPS, SPPC and NPC have significantly expanded their DSM programs. Through the IRP process and annual filings, the Commission reviews and evaluates DSM programs and determines which should be retained, cancelled or modified.

Commission Proceedings

During the biennium, NPC and SPPC filed DSM Updates and IRPs. The Commission also promulgated regulations as a result of Senate Bill 358 (2009) which enabled electric decoupling in an effort to encourage energy efficiency.

NATURAL GAS

Overview

The cost of natural gas represents the single largest component for natural gas utilities in Nevada. The cost of natural gas is recovered by gas utilities on a dollar-for-dollar basis through a two-part process involving quarterly based BTER adjustments and annual rate adjustment proceedings.

Volatile natural gas prices continued into 2008 and 2009, both nationwide and in Nevada. The price of natural gas peaked during the summer of 2008 and was followed by steep declines.

Quarterly BTER Adjustments

Overview

Pursuant to NRS 704.110(8), both SPPC and Southwest Gas (“SWG”) update their respective BTERs each quarter to a level which reflects the average recorded cost of gas over a 12-month period. This rate reflects the cost of gas prospectively. The actual costs are booked and netted out against the revenues collected through the BTER.

Annual Rate Adjustments

Overview

NRS 704.110(8)(c) requires a natural gas utility that adjusts its BTER on a quarterly basis to file an annual rate adjustment application. This process reconciles any differences between the cost of natural gas and the revenues collected by the BTER. Any difference between the actual costs incurred for natural gas and the revenues collected are either refunded to (credited) or collected from (debited) customers through the DEAA rate.

NRS 704.110(8)(d) requires that the annual rate adjustment proceedings include a review by the Commission of the transactions and recorded costs of natural gas included in each quarterly BTER adjustment and in the annual rate adjustment application. There is no presumption of reasonableness or prudence for any transactions or recorded costs of natural gas included in each quarterly BTER adjustment and in the annual rate adjustment application. The public utility has the burden of proving reasonableness and prudence in the proceeding.

Commission Proceedings

During the biennium, the Commission received two applications each from SPPC and SWG to revise the DEAA rate in their respective service territories.

General Rate Change Cases

Overview

Natural gas providers recover costs, other than gas commodity costs through general rates. General rates reflect the return on the plant dedicated to public service, operating and depreciation expenses. Once a level of expenditures is established by the Commission to allow a natural gas provider the opportunity to recover these costs, the Commission develops rates to recover these costs from customers.

Commission Proceedings

During the biennium, the Commission received a general rate change application from SWG in April 2009 that was decided in October 2009. SWG requested rate increases of \$28.8 million or 5.85% for its Southern Nevada Division and \$1.7 million or 1.35% for its Northern Nevada Division. The Commission approved the following:

- A \$17.6 million increase for the Southern Nevada Division;
- A \$0.5 million decrease for the Northern Nevada Division;
- Elimination of declining block rates;
- Approval of a margin per customer per month mechanism consistent with NRS 704.992; and
- Approval of an uncollected gas cost expense to track gas costs associated with uncollected accounts on a dollar-for-dollar basis.

The Commission also received a general rate change application from SPPC in June 2010 that will be decided in December 2010.

Gas Utility Planning

Overview

NRS 704.991 provides that a gas utility must file with the Commission an annual informational report which describes:

- The anticipated demand for natural gas made on its system by its customers
- The estimated cost of supplying natural gas sufficient to meet the demand and the means by which the utility proposes to minimize that cost
- The sources of planned acquisitions of natural gas, including an estimate of the cost and quantity of the acquisitions to be made from each source and an assessment of the reliability of the source
- Significant operational or capital requirements of the utility related to its provision of gas service in this state

During the biennium, the Commission revised its regulations to facilitate the filing of these reports.

Commission Proceedings

During the biennium, the Commission received two reports from SWG and one report from SPPC.

Energy Efficiency

Overview

Senate Bill 437 (2007) provides that the Commission adopt regulations establishing methods and programs for a public utility which purchases natural gas for resale that remove financial disincentives which discourage the public utility from supporting energy conservation, including without limitation:

- Procedures for a public utility which purchases natural gas for resale to have a mechanism established during a general rate application filed pursuant to NRS 704.110 to ensure that the costs of the public utility for providing service are recovered without regard to the difference in the quantity of natural gas actually sold by the public utility by taking into account the adjusted and annualized quantity of natural gas sold during a test year and the growth in the number of customers of the public utility
- Procedures for a public utility which purchases natural gas for resale to apply to the Commission for approval of an activity relating to increasing energy efficiency or energy conservation
- Procedures for a public utility which purchases natural gas for resale to apply to the Commission for the recovery of costs associated with an activity approved by the Commission
- The regulations adopted pursuant to subsection one must ensure that the methods and programs consider the recovery of costs, stabilization of revenue and any reduction of risk for the public utility which purchases natural gas for resale

The Commission adopted the procedures in two phases. Phase one addressed cost recovery methods for energy efficiency programs offered by gas utilities not seeking decoupling. Phase two addressed gas decoupling. The Commission adopted the phase one regulations in September 2008 and phase two regulations in November 2009.

Commission Proceedings

In March 2009, SWG applied for Commission approval of its initial three-year conservation and energy efficiency (“CEE”) plan. SWG proposed eight different designs to provide benefits to all classes of customers in both the Southern and Northern Nevada Divisions, with an initial annual budget of approximately one-half percent of its Nevada revenues or \$2,848,025. SWG proposes the Commission adopt their proposed CEE plan for a three-year period, allow funding at the levels proposed and permit annual increases to its CEE plan budget by approximately \$250,000 per annum. The Commission approved this plan on August 2009.

The Commission also received applications from SPPC for approval of its 2008 and 2009 Annual Natural Gas Demand Side Management Update Reports.

Discretionary Gas Service Providers

Overview

Pursuant to NRS 704.075, generating, industrial and large commercial consumers of natural gas can choose their discretionary gas service provider. The local utility charges these customers for transporting gas from the interstate pipeline interconnection to the customer's delivery point.

A utility shall not provide service to a generating, industrial or large customer pursuant to a contract of special services until the contract is approved by the Commission.

NAC 703.191 provides that no later than May 15 of each year, discretionary gas service providers must file annual reports with the Commission annual reports, describing the number of customers served, a statement of intrastate revenues and a statement of income.

Below is a list of licenses issued to discretionary gas service providers in Nevada:

- BP Energy Company
- Commerce Energy Inc.
- Constellation Energy Commodities Group, Inc.
- IGI Resources, Inc.
- IKUN Energy, LLC
- Occidental Energy Marketing, Inc.
- Pacific Summit Energy, LLC
- Reliant Energy Services, Inc.
- Sempra Energy Solutions
- Shell Energy North America (US), L.P.
- SIERRA SOUTHWEST COOPERATIVE SERVICES, INC.
- South Jersey Resources Group LLC
- Wasatch Energy LLC

TELECOMMUNICATIONS

Overview

The federal Telecommunications Act of 1996 (“Telecom Act”) assigned a number of specific responsibilities to state regulatory commissions, which were necessary to open local telecommunications markets to competition while advancing the longstanding public policy goal of universal service.

The process of introducing competition at the local level continued this biennium. The Commission, on behalf of the Federal Communications Commission (“FCC”), approved 45 negotiated and arbitrated interconnection agreements, which were precursors to local competition. Standards and criteria for the development of cost-based rates for interconnection, as well as unbundled network elements (“UNE”) and wholesale rates, continued to be reviewed and refined.

The Commission also continued to provide for state funding of discounted rates for intrastate telecommunications services for low-income consumers, school and libraries, and rural health care providers, to the extent that sufficient funding from federal sources was unavailable.

The Commission maintained its efforts to ensure the existence of an environment conducive to effective competition in both the local and long distance markets.

The Commission continued to review and approve performance standards applicable to Incumbent Local Exchange Carriers (“ILECs”) regarding their provision of service to Competitive Local Exchange Carriers (“CLECs”). These reviews ensure that ILECs provide service to their competitors at a level which is at parity with the level of service the ILECs provide to their retail customers. On June 16, 2009, the Commission approved AT&T’s petition for modification of its 2009 Performance Measurements Plan and 2009 Performance Incentives Plan.

The Commission also continued to implement the universal service goals of the Telecom Act to ensure that telecommunication services are available to consumers in rural areas at rates comparable to rates in urban areas.

The various telecommunication providers in Nevada include 13 incumbent local exchange carriers (ILEC), 11 small scale providers of last resort, 66 commercial mobile radio service providers, and 287 competitive suppliers. All Nevada ILECs are eligible telecommunications carriers (ETC). There are three competitive ETCs for a total of 16 ETCs.

Outside Events

The telecommunications industry is moving toward Voice-Over Internet Protocol (VOIP) technology. This will have an impact on competition and change the current infrastructure. The future will bring multimedia services over broadband access to include wireless broadband. During the period 2007-2012, one can expect an optical infrastructure in joint use that will provide common facilities for telecommunication services and digital media contents over IP-based networks. The role that regulators will play under this technology remains to be determined. The classification of broadband

(telecommunications or information services) by the FCC will determine the degree of regulation that will be exercised over these providers.

Legislation

The Legislature enacted Assembly Bill 518 (2007) repealing the plan of alternative regulation (“PAR”) and replacing it with a regulatory scheme intended to promote more competition in the local marketplace. Under this legislation, all telecommunication providers, except certain small-scale providers of last resort, are classified as competitive suppliers. This legislation reduces the Commission’s regulatory authority over such competitive suppliers and provides for greater flexibility of pricing regarding most components of local telephone service, including basic telephone service.

The two non-rural local exchange telephone companies, AT&T and CenturyLink, are classified as competitive providers. Their basic residential service rates will freeze at the current level until January 2011. After January 1, 2011, AT&T and CenturyLink will be allowed to increase their basic residential rates by \$1 per month. After January 1, 2012, AT&T and CenturyLink will no longer have rates set by the Commission for basic residential service.

All rural local exchange companies will remain under rate-of-return regulation. However, a rural local exchange company can request to be reclassified by the Commission as a competitive provider.

Commission Proceedings

The Commission’s rulemaking for Assembly Bill 518 was separated into five phases. Phase one regulations retained existing consumer protections in the areas of coin-operated pay telephones, inmate services and the consumer bill of rights. Phase two regulations relieved an incumbent local exchange carrier of its obligations as the provider of last resort when a developer has entered into an exclusive arrangement with another provider of telecommunication service for “voice service.” Although the new provider of voice service would not be required to provide lifeline, it was clarified in the regulation that excuse from the provider of last resort obligations does not relinquish a provider of last resort’s eligible telecommunications carrier obligations under federal law which includes the obligation to provide lifeline. Phase three regulations established procedures for a competitive supplier who is a provider of last resort to change the boundaries of its service area and to discontinue basic network service. Phase four regulations established procedures for an application of a small-scale provider of last resort to request to be regulated as a competitive supplier. Phase five regulations established eligibility requirements for competitive suppliers that are providers of last resort to apply to receive payments from the universal service fund to maintain the availability of telephone service based on the need of such competitive suppliers for funding to maintain the availability of telephone service to rural, insular and high-cost areas. The regulations also increased the rate of lifeline eligibility.

Telecommunication filings during this reporting period were as follows:

TYPE OF FILING	NUMBER OF FILINGS
Review of the hearing and speech impaired programs and lifeline eligibility	3
Application for Universal Service Funding	2
Applications pursuant to section 254 of the Telecommunications Act (ETC)	5

designation)	
Applications for CPCs, amendments, and transfer	19
Applications for authority to operate as a competitive supplier	59
Petitions pursuant to section 252 of the Telecommunications Act (interconnection agreements between companies), interconnection amendments, and resale agreements	67
Applications to discontinue service	27
Applications for commercial mobile radio service registration for new and cancellation of services	30
Miscellaneous filings such as name change, annual reports, revised tariffs, special promotions resale, and informational	134
TOTAL FILINGS	346

WATER AND WASTEWATER

Overview

The Commission regulates 28 water and wastewater utilities serving approximately 22,300 customers in Nevada. The Commission is responsible for ensuring that water utilities deliver clean, safe and reliable water to their customers at reasonable rates, and that the wastewater utilities provide reliable sewer service to their customers at reasonable rates. The Commission monitors these utilities for quality of service, environmental compliance and financial performance. The Commission also reviews applications for construction permits for compliance with environmental requirements for new water and/or wastewater facilities.

Water quality, supply and wastewater discharge issues are governed by various federal and state agencies. The Commission works collaboratively and closely with these other agencies to ensure utility conformance.

The Commission is proactive in providing guidance to the regulated small water companies. The Commission developed and implemented a comprehensive inspection program, which identifies areas of needed improvement. The response by water companies has been positive. For example, the PUCN Staff identified multiple system deficiencies in a general rate case for Indian Springs Water Company and Indian Springs agreed to perform the necessary improvements as scheduled in the approved stipulation.

New Legislation

The Legislature enacted Assembly Bill 355 (2009) simplifying procedures for a change in rates for small water companies. Under this legislation, the minimum for gross revenue was increased from \$1,000,000 to \$2,000,000 and where a public utility provides both water and sewer service the gross revenue will be determined separately. The bill also modifies exemptions for certain public utilities from certain filing and resource planning requirements. In addition, the proposed Commission regulations will allow the filing of letters of advice to change rates based on Commission approved inflation index.

Commission Proceedings

Water and wastewater related filings during this reporting period were as follows:

TYPE OF FILING	NUMBER of FILINGS
Integrated resource plans (NRS 704.661)	2
Small water inspections (NAC 704.627)	7
General rate changes (NRS 704.095, 704.110)	7
Service territory revisions (NAC 703.170 et seq.)	8
UEPA construction permits (NRS 704.820 et seq. and NAC 703.415 et seq.)	4
Miscellaneous filings	14
TOTAL FILINGS	42

RAIL SAFETY

Overview

The Commission maintains a Rail Safety Program as part of Nevada’s State Participation Program with the United States Department of Transportation Federal Railroad Administration (“FRA”). The agreement provides that the Commission shall employ FRA certified inspectors in one or more of five inspection disciplines. The Commission employs inspection personnel in the following disciplines: 1) hazardous materials; 2) operation practices; 3) track; and 4) motive power and equipment.

The Rail Safety Program performed inspections in the following four categories during the corresponding fiscal years:

- Track

2006	93 reports	3,535 units	218 defects
2007	94 reports	3,883 units	134 defects
2008	56 reports	2,426 units	78 defects
2009	101 reports	3,927 units	130 defects
2010	96 reports	3,920 units	126 defects

- Operating Practices

2006	82 reports	648 units	33 defects
2007	107 reports	785 units	33 defects
2008	63 reports	448 units	30 defects
2009	114 reports	1,275 units	51 defects
2010	104 reports	1,041 units	96 defects

- Hazardous Materials

2006	43 reports	769 units	22 defects
2007	142 reports	3,772 units	208 defects
2008	91 reports	2,379 units	68 defects
2009	140 reports	3,863 units	167 defects
2010	133 reports	4,069 units	177 defects

- Motive Power & Equipment

2006	259 reports	2,5295 units	491 defects
2007	299 reports	3,1921 units	599 defects
2008	221 reports	14,562 units	467 defects
2009	114 reports	11,984 units	51 defects ¹
2010	59 reports	6,406 units	272 defects

¹ Inspections were down due to an MP&E vacancy for eight months and a new inspector being trained.

Outside Events

The Commission's rail safety inspectors worked to improve rail safety in Nevada during the biennium. One specific area that railway staff is involved in is quiet zones.

Inspectors have been working with Clark County and Washoe County in diagnostic reviews of crossings for possible quiet zones in Las Vegas at Desert Inn Road and in the Verdi area of Washoe County which involves approximately 20 private and public crossings. These diagnostic reviews involve personnel from each county, FRA, Union Pacific Railroad, Nevada Department of Transportation ("NDOT") and Commission. This is to determine what changes or modifications would be required to meet FRA quiet zone requirements. To date, Nevada has no quiet zones, although they are becoming common in many states across the country. This is a continuous process due to the fact that as counties or municipalities consider quiet zones, a complete diagnostic review is required each time.

Inspectors have also instituted an approach to addressing railroad safety issues involving accident/incidents. These involve any accident/incident trends that are identified as developing in any specific area. Railway staff is striving to:

- Identify commonalities or contributing factors.
- Identify root causes as indicated by contributing factors.
- Identify predominate geographical locations where railroad accidents/incidents are occurring. (Sparks, Elko, Las Vegas, etc.)
- Develop a railway inspector cross-training program to provide each railway inspector with basic skills in all four disciplines.
- Maintain elevated railway inspector presence in areas identified as the predominate areas where accidents/incidents are occurring.

Commission Proceedings

During the biennium, the Rail Safety Program closed 21 railroad crossing dockets including some that were several years old. Nine new dockets assigned to this group were opened and many issues with new railroad crossings were addressed. Five are currently open and active. This continuous process also involved clearance issues for the new V&T Railroad that started operations from Gold Hill to Carson City.

GAS PIPELINE SAFETY

Overview

The Pipeline Safety Program involves the inspection of liquid propane and natural gas systems statewide. The pipeline engineers monitor the design, construction, operation and maintenance of the gas systems under the Commission’s jurisdiction. They inspect the local natural gas distribution companies (“LDCs”), the natural gas master metered distribution systems found mainly in mobile home parks (“MM”) and underground piping systems providing liquid petroleum gas (“LPG”) service to ten or more customers, mainly in mobile home parks. The pipeline engineers also act as agents for the Pipelines and Hazardous Materials Safety Administration (“PHMSA”) during the inspection of construction projects for new interstate pipelines.

Nevada residents continue to benefit from the pipeline safety partnership between the Commission and the USDOT, PHMSA and Office of Pipeline Safety (“OPS”). The Pipeline Safety State Grant Program, administered by OPS, routinely funds in excess of 50 percent of the Commission’s Pipeline Safety Program. Each year, OPS staff perform an evaluation of the Pipeline Safety Program, which has earned the maximum possible score of 100 percent five out of the last seven years.

Outside Events

Population growth in Nevada has led to a significant expansion in the State’s gas pipeline infrastructure. Pipeline engineers’ oversight, inspection and investigation of gas system operators has provided Nevadans with a high level of safety during the years of rapid growth. Extended maintenance inspections and new reporting requirements for the LDCs, both completed with the cooperation of the LDCs, has further improved regulatory compliance.

The following reflects the number of field days the Commission’s pipeline engineers spent on annual operation and maintenance audits, construction inspections and pipeline incident investigations for the biennium. Inspections were made on intrastate transmission pipelines, distribution pipelines, direct sales pipelines, master meter distribution systems and liquid propane distribution systems:

Field days	2005	2006	2007	2008	2009	2010*
Annual O&M Audits	78	113	96	63	80	60
Construction Inspections	210	186	321	495	364	426
Incident Investigations	67	23	29	4	114	32

* The FY 2010 data reflects implementation of a new data base accounting system implemented in late 2009.

UNDERGROUND DAMAGE PREVENTION “ONE CALL PROGRAM”

Overview

The Commission promotes and encourages use of the State’s underground damage prevention One-Call Program, along with compliance with NRS Chapter 455 and related regulations. The purpose of Nevada’s One-Call Program is to reduce damage to underground infrastructures. This is achieved through field inspections. If an excavator does not have a valid One-Call ticket, the job is shut down and the foreman is contacted. The excavator subsequently receives training in the proper techniques to mark the excavation area with white paint and the proper procedure to call Nevada’s One-Call Center for a ticket before digging. If the training is ignored, repeat offenders will be subject to a Show Cause process wherein they could be fined.

The Nevada Regional Common Ground Alliance (“NRCGA”), a new member driven association dedicated to the reduction of damage to underground infrastructures, conducts bi-monthly meetings that are attended by 25 to 30 stakeholders. The Commission’s pipeline engineers galvanized the loose-knit NRCGA into a formal, highly-structured stakeholder advisory group with functions defined in statute and regulation.

Legislation

The Nevada Legislature enacted Senate Bill 396 (2007), revising Nevada’s One-Call statute, NRS 455, to include extending a One-Call ticket from 14 to 28 days, giving enforcement authority to the Commission’s Staff and reducing the marking tolerance from 30 to 24 inches. Although the current growth in infrastructure has slowed, the number of One-Call inspections has increased considerably: 0 in 2006, 69 in 2007, 278 in 2008 and 400 in 2009.

There have been 11 show cause proceedings since the enforcement authority was given to Staff. As a result, damages to underground infrastructures are down approximately 50 percent.

CONSUMER COMPLAINT RESOLUTION

Overview

Consumer Complaint Resolution is responsible for receiving, investigating and resolving disputes between consumers and their utility companies. The division's employees also log rate protests, explain Commission decisions and policies, assist utility customers with making payment arrangements and generally enforce the Commission's Consumer Bill of Rights.

The division receives complaints via telephone, letter, e-mail, walk-in or through a complaint form on the Commission's website. The division normally resolves telephone and other less complicated complaints within 48 hours; over 80 percent of the written complaints are resolved within 45 days. Written complaints are sent to the corresponding utility for a written response. When the division makes a finding on a written complaint, either party can appeal that finding to the Commission. During the biennium, two of the division's findings were appealed to the Commission. The Commission denied both of those appeals and upheld the division's findings.

Nevada's continued troubled economy created ongoing challenges for utility customers during the biennium. High unemployment, underemployment and foreclosures remained high adding to tensions between customers and utilities. Arrearages grew and customers were in greater need of workable payment arrangements to prevent terminations or restore terminated service. Also, customers with medical issues required special protection.

Complaint Statistics

7/1/08 – 6/30/10

Electric	2,703
Natural gas	978
Telephone	2,026
Water	251
Other	489
Totals	6,447

Due to a change to a different data base, which resulted in the loss of some interim data, the above figures are a combination of actual FY2009 and extrapolated FY2010 data.

Outside Events

The Commission's public outreach efforts remained a primary division function during the second half of the biennium. The consumer outreach director represented the agency and offered presentations at various community events, fraternal organizations, neighborhood and senior centers, school, and other functions attended by energy consumers, as well as presentation and outreach to local and regional government representatives, and members of the energy community (energy auditors, contractors, consultants, etc). The presentation includes the purpose and function of the Commission, how customers can reduce utility bills through conservation, tips on resolving billing or service issues, and other related utility concerns.

Commission Proceedings

Twenty-two consumer sessions were held in this biennium, both in conjunction with pending dockets and the statutorily required general consumer sessions.

During the biennium, the division worked with the State's major electric utilities on policies designed to strike a balance between the utilities' need for timely payment and customers caught in difficult situations. Tariffs related to establishing credit, deposits and bill payments, and restrictions to terminations of residential service were reviewed and were ordered to be updated. The parties also worked on achieving consistent policies for maintaining utility services for customers who can prove a valid medical need. Issues related to the unique needs of agricultural customers during peak summer watering also received considerable attention.

ELECTRONIC FILINGS AND RECORDS MANAGEMENT

Overview

The Electronic Filings and Records Management (“EFRM”) System enables the Commission to accept electronic filings submitted over the Internet or delivered over-the-counter on electronic media (CD, DVD, or thumb drive) or one original paper filing capable of being scanned. Payments and fees can be collected via the Internet as well.

The most notable recent addition (this biennium) to the EFRM system has been the addition of the Engineering Activity Reporting System (EARS). The system is designed to allow engineers in the field to complete forms that are uploaded to the Commission via the Internet. The forms report the time spent by the engineer performing an activity as well as technical inspection or incident outage information observed by the reporting engineer. Photographs and additional documents may also be uploaded and saved with the form.

LITIGATION

Overview

The General Counsel division has been involved in several appeals of Commission decisions during the biennium. They include the following:

Autotel v. Sprint and PUCN (Ninth Circuit Court of Appeals, Case No. No. 06-16565)

Subject matter – arbitration of interconnection agreement

Status – appeal dismissed

BCP v. PUCN (First Judicial District Court, Case No. CV08-oc003331b)

Subject matter – depreciation rates

Status – appeal dismissed

BCP v. PUCN (First Judicial District Court, Case No. CV08-oc-004601b)

Subject matter – resource planning approval for Harry Allen power plant

Status – appeal dismissed

BCP v. PUCN (Nevada Supreme Court, Case No. 54072)

Subject matter – resource planning approval for Harry Allen power plant

Status – pending

FH Ventures v. PUCN (Eight Judicial District Court, Case No. A612010-J)

Subject matter – payments to extend natural gas service to subdivision

Status – pending

Saguaro Power company v. PUCN (First Judicial District Court, Case No. 09-0C-002161B)

Subject matter – gas shrinkage rate calculations for gas transportation customer

Status – pending

Washoe County et al. v. PUCN (Second Judicial District Court, Case No. CV08-02470)

Subject matter – cost allocation for undergrounding transmission line expenses

Status – pending