

**REVISED PROPOSED REGULATION OF THE
PUBLIC UTILITIES COMMISSION OF NEVADA**

LCB File No. R058-06

June 6, 2006

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §§1-28, NRS 703.025 and 704.210.

A REGULATION relating to energy; requiring utilities to distribute annually to customers announcements regarding information relating to conservation of energy; adopting by reference certain publications concerning conservation of energy; revising certain provisions regarding inspection of residential buildings and dwelling units by utilities for the purpose of providing customers with suggestions for conserving energy; requiring inspectors who conduct energy conservation inspections for utilities to complete a training program reviewed and approved by the Public Utilities Commission of Nevada; revising the criteria used in energy conservation inspections conducted by utilities; revising provisions concerning financing of measures for conservation of energy; repealing provisions concerning listing by the Public Utilities Commission of Nevada of qualified lenders and qualified suppliers and installers of materials and equipment needed to carry out measures for conservation of energy; and providing other matters properly relating thereto.

Section 1. Chapter 704 of NAC is hereby amended by adding thereto a new section to read as follows:

The Commission hereby adopts by reference:

1. Energy Standard 90.1, 2001 User's Manual, published by the American Society of Heating, Refrigeration and Air-Conditioning Engineers, as the manual existed on January 1, 2006. A copy of this publication may be obtained from ASHRAE, Publication Sales Department, 1791 Tullie Circle, N.E., Atlanta, Georgia 30329-2305, for the price of \$74 for members and \$93 for nonmembers.

2. *The 2006 International Energy Conservation Code, published by the International Code Council. This code may be obtained from the International Code Council, 5203 Leesburg Pike, Suite 600, Falls Church, Virginia 22041-3401, or at the Internet address <http://www.iccsafe.org>, for the price of \$25 for members and \$31 for nonmembers.*

Sec. 2. NAC 704.800 is hereby amended to read as follows:

704.800 1. *The provisions of* NAC 704.800 to 704.876, inclusive, *and section 1 of this regulation* apply to ~~Idaho Power Company,~~ Nevada Power Company, Sierra Pacific Power Company and Southwest Gas Corporation.

2. ~~Idaho Power Company will be exempted from the requirements of all those sections except NAC 704.868 and 704.870 if it notifies the Public Utilities Commission of Nevada in writing within 30 days after May 17, 1984, that it will provide eligible customers in Nevada with the same services as those it is required to provide to its customers in Idaho under that state's plan, adopted pursuant to 10 C.F.R., Part 456, for conservation of energy in residences.~~

~~3.]~~ Utilities which have overlapping areas of service may enter into reasonable agreements to reduce or eliminate duplication of efforts in undertaking services pursuant to NAC 704.800 to 704.876, inclusive ~~],~~ *and section 1 of this regulation.*

Sec. 3. NAC 704.802 is hereby amended to read as follows:

704.802 As used in NAC 704.800 to 704.876, inclusive, *and section 1 of this regulation,* unless the context otherwise requires:

1. "Eligible customer" means a person who:

(a) Owns or occupies a residential building or a dwelling unit therein, ~~],~~ except that the owner of the common areas in a residential building containing five or more dwelling units is not an eligible customer for the purposes of the common areas ; ~~);~~ and

(b) Receives a bill from a utility for electricity or fuel used in such a building.

2. “Inspection” means an inspection conducted pursuant to NAC 704.814.

3. “Residential building” means any building used for residential occupancy which ~~is~~

~~—(a) Was built before July 1, 1978; and~~

~~—(b) Has] has~~ a system for heating or cooling, or both, and contains one or more dwelling units, except that the term does not include a building which contains more than four dwelling units if it has a central heating or cooling system.

4. “R-value” means the reciprocal of the thermal transmission in a unit of time through a unit of area in a particular body or assembly having defined surfaces when the unit average temperature difference is established between the surfaces.

Sec. 4. NAC 704.804 is hereby amended to read as follows:

704.804 1. Each utility shall ~~is, within 6 months after May 17, 1984, and again within 6 months before January 1, 1985,]~~ distribute *annually* to each of its eligible customers an announcement which contains:

(a) A list of measures which may be taken to conserve energy in a typical residential building located in the area served by the utility.

(b) A reasonable range of *the estimated costs of the measures and* estimates of the savings in the cost of energy which are likely to result in the first year after carrying out each of the measures in such a building.

(c) A list of practices for conserving energy in such a building.

(d) A reasonable range of estimates of the savings in the cost of energy which are likely to result in the first year after adoption of those practices.

(e) A description of each of the services to be provided pursuant to NAC 704.800 to 704.876, inclusive, *and section 1 of this regulation* and an offer to perform each of those services. The offer to inspect residential buildings may be conditioned so that the utility may schedule its inspections in a particular geographic area at or near the same time . ~~[, but each eligible customer must be given an opportunity to have his residence examined by January 1, 1985.]~~

(f) A statement that federal tax credits may be available as the result of expenditures incurred for installations to conserve energy, and that the customer should communicate with the nearest office of the Internal Revenue Service for additional information.

2. Any person who becomes an eligible customer after the ~~[first]~~ distribution of a utility's announcement of its program must be provided with a copy of the announcement within 60 days after he becomes an eligible customer.

Sec. 5. NAC 704.806 is hereby amended to read as follows:

704.806 A utility's announcement to be made pursuant to NAC 704.804 must include the following items in its list of measures which an eligible customer may take to conserve energy in a residential building or dwelling unit:

1. Reducing the passage of air and moisture by filling small gaps around the fixed joints of window and door frames (caulking).

2. Reducing the passage of air and moisture by the installation of weather stripping over or in movable joints of windows and doors.

3. Modifying the system used for heating the building, by:

(a) Replacing an electric furnace, boiler ~~[,]~~ or heat pump ~~[which is more than 5 years old]~~ with similar but more efficient equipment ~~[,]~~ *or with a gas-fired system if it has a lower cost of operation;*

(b) Replacing a furnace or boiler which is fired by natural gas ~~[and is more than 10 years old]~~ with a more efficient furnace or boiler fired by natural gas; or

(c) Replacing an oil burner with a more efficient oil burner ~~[:]~~ *or with a gas-fired system if it has a lower cost of operation.* As used in this paragraph, an oil burner is a device which atomizes fuel oil, mixes it with air and ignites the mixture and is an integral part of an oil-fired furnace or boiler, including the combustion chamber.

4. Replacing a central air conditioner ~~[which is more than 5 years old]~~ with a more efficient air conditioner.

5. Placing insulation ~~[:]~~ *or increasing existing insulation:*

(a) Between the conditioned area of the building and an unconditioned attic ~~[if the difference between the effective R-value of existing insulation and the applicable level set forth in NAC 704.862 is R-11 or more and the building is not a mobile home.~~

~~—(b) Where the conditioned area of the building extends to the roof, between the underside and upperside of the roof or on the exterior surface of the roof, if the difference between the effective R-value of the existing insulation and the applicable level set forth in NAC 704.862 is R-11 or more and the building is not a mobile home.~~

~~—(c)]~~ *to achieve an effective R-value of at least R-30.*

(b) Within or on the walls between conditioned and unconditioned areas of the building or the outside.

~~[(d)]~~ (c) Between the first conditioned level of the building and an unconditioned basement, a crawl space or open area beneath the building.

~~[(e)]~~ (d) On the surface of a heating or cooling duct in an unconditioned area of the building.

~~(e)~~ (e) On the exterior surface of a hydronic heating or cooling pipe in an unconditioned area of the building.

~~(f)~~ (f) On the exterior surface of the casing of a water heater.

6. Installing *insulated* skirting to enclose the space between a mobile home and the ground.

7. Placing window or glazing material outside or inside an ordinary or prime window to create an air space between the windows or glazing materials and provide greater resistance to the flow of heat, ~~[i.e.,]~~ *that is*, installing a storm window.

8. Installing a thermal window, consisting of two or more sheets of glazing material affixed to a window frame to create one or more air spaces between the glazing materials and provide greater resistance to the flow of heat.

9. Installing heat-reflective or heat-absorbent glazing material in windows or doors or applying reflective or absorptive films or coatings to existing windows or doors.

10. Installing a ~~[clock]~~ *programmable* thermostat which will reduce the consumption of energy in a heating or cooling system by switching the temperature in interior spaces automatically from one level to another.

11. Installing insulated shutters and shades on the inside or outside of existing windows to reduce the loss or gain of heat.

12. Replacing a water heater which operates by electric resistance with a *gas* water heater .
~~[which operates by an electric heat pump.]~~

13. Using an insulating cover on a heated swimming pool during the night.

14. *Installing a solar water heating system or photovoltaic panels.*

Sec. 6. NAC 704.808 is hereby amended to read as follows:

704.808 A utility's announcement to be made ~~under~~ *pursuant to* NAC 704.804 must include the following items in its list of practices which an eligible customer may adopt to conserve energy:

1. *Subscribing to the time-of-use rate of the electric utility and avoiding energy use during on-peak hours.*

2. Cleaning and adjusting a gas or oil-fired furnace to increase the efficiency of the combustion.

~~[2.—Periodically]~~

3. *Regularly* cleaning or replacing the air filters on a forced-air heating or cooling system.

~~[3.]~~ 4. Lowering the setting of the bonnet or plenum thermostat setting to ~~[80°F]~~ *80 degrees Fahrenheit* on a gas or oil-fired, forced-air furnace.

~~[4.]~~ 5. Turning off the pilot light on a gas-fired furnace during the summer.

~~[5.]~~ 6. Manually lowering the setting of the thermostat for a furnace during the heating season to a maximum of ~~[55°F]~~ *55 degrees Fahrenheit* during sleeping hours.

~~[6.]~~ 7. Limiting the maximum setting of the thermostat for a furnace to ~~[68°F]~~ *65 degrees Fahrenheit* during the heating season.

~~[7.]~~ 8. Setting the thermostat for an air conditioner to ~~[78°F]~~ *78 degrees Fahrenheit* or higher during the cooling season.

~~[8.]~~ 9. Placing a device on a ~~[shower-head]~~ *showerhead* or faucet to limit the maximum flow to ~~[3]~~ *2.5* gallons per minute, or replacing existing ~~[shower-heads]~~ *showerheads* or faucets with those having built-in provisions for limiting the maximum flow to ~~[3]~~ *2.5* gallons per minute.

~~[9.]~~ **10.** Manually reducing the setting of the thermostat for a water heater to ~~[120°F]~~ **120 degrees Fahrenheit** unless a higher setting is required for proper operation of a dishwasher.

~~[10.]~~ **11.** Reducing the use of heated water for washing clothes.

~~[11.]~~ **12.** Reducing the thermostatic setting to ~~[55°F]~~ **55 degrees Fahrenheit** when a dwelling unit is empty for 4 hours or longer in a heating season.

~~[12.]~~ **13.** Raising the setting of a thermostat for an air conditioner to ~~[90°F]~~ **90 degrees Fahrenheit** in the cooling season when no one is in the dwelling unit.

~~[13.]~~ **14.** Turning an electric water heater off or a gas water heater to “pilot” when a dwelling unit is vacant for 2 days or longer.

~~[14.—Installing scrap]~~

15. Installing insulation or other pliable materials in gaps around pipes, ducts, fans ~~[1]~~ or other equipment which enters the attic or basement from a heated space.

~~[15.]~~ **16.** Installing fireproof material to plug any holes around a damper in a fireplace.

~~[16.]~~ **17.** Adding insulation to an attic or basement door.

~~[17.]~~ **18.** Caulking any leak in a heating or cooling duct.

~~[18.]~~ **19.** Tightening or plugging any leaky joints in hot water or steam pipes.

~~[19.]~~ **20.** Replacing washers in leaky water valves.

~~[20.]~~ **21.** Using shades or drapes to:

- (a) Block sunlight from entering a building in the cooling season;
- (b) Allow sunlight to enter a building during the heating season; and
- (c) Cover windows tightly at night during the heating season.

~~[21.]~~ **22.** Using and maintaining fireplaces and wood stoves in such a manner as to reduce the consumption of fuel and maximize the output of heat.

~~[22.]~~ 23. When buying appliances, selecting those *appliances* which :

(a) *Have received the Energy Star label pursuant to the program established pursuant to*

42 U.S.C. § 6294a; or

(b) *Otherwise* use energy efficiently.

~~[23.]~~ 24. Maintaining and operating appliances in an efficient manner.

~~[24.—Substituting insulated pads for]~~

25. *Avoiding use of any* waterbed heaters.

~~[25.—Reducing]~~

26. *Using compact fluorescent light bulbs or reducing* the wattage ratings of incandescent light bulbs.

~~[26.]~~ 27. Connecting lights to dimmer switches or timers.

~~[27.]~~ 28. Installing devices which automatically control the filtering or heating system used for a swimming pool.

~~[28.]~~ 29. Reducing the passage of air and moisture by filling small gaps:

(a) In the fixed joints of the building;

(b) Under baseboards inside the building;

(c) In exterior walls at electric outlets;

(d) Around pipes and wires entering the building; or

(e) Around dryer vents and exhaust fans in exterior walls.

Sec. 7. NAC 704.810 is hereby amended to read as follows:

704.810 1. In a utility's announcement of its program for conserving energy in residential buildings, each of its estimates of savings in the cost of energy must be expressed as a percentage

of the total amount of energy consumed in a typical single-family dwelling located in the area served by the utility.

2. A typical building in northern Nevada:

(a) Is one story.

(b) Is of wood frame construction.

(c) Has ~~1,500~~ **1,800** square feet of floor area.

(d) ~~Is 60 feet by 25 feet.~~

~~(e)~~ Has 8-foot walls.

~~{(f) Has 1,500}~~

(e) Has 1,800 square feet of attic area.

~~{(g)}~~ **(f)** Has a crawl space beneath the floor.

~~{(h)}~~ **(g)** Has ceiling insulation rated as ~~R-11.~~

~~(i)~~ **R-30.**

(h) Has wall insulation rated as ~~R-11.~~

~~(j)~~ **R-13.**

(i) Has between 50 and 60 square feet of window area facing south.

~~{(k)}~~ **(j)** Has 20 square feet of door area.

~~{(l)}~~ **(k)** Has all its heating and cooling ducts in unconditioned areas.

~~{(m)}~~ **(l)** Exchanges air 1.5 times each hour.

~~{(n)}~~ **(m)** Has a gas-fired heating system whose average seasonal level of efficiency is ~~70 percent.~~ **at least 74 percent and whose best practices efficiency is 94 percent, as determined by the 2006 International Energy Conservation Code adopted by reference pursuant to section 1 of this regulation.**

3. A typical building in southern Nevada:

(a) Is one story.

(b) Is of wood frame construction.

(c) Has ~~[1,500]~~ **1,800** square feet of floor area.

(d) ~~[Is 60 feet by 25 feet.]~~

~~—(e)]~~ Has 8-foot walls.

~~[(f) Has 1,500]~~

(e) **Has 1,800** square feet of attic area.

~~[(g)]~~ (f) Is constructed on a concrete slab.

~~[(h)]~~ (g) Has ceiling insulation rated as ~~[R-19.]~~

~~—(i)]~~ **R-30.**

(h) Has wall insulation rated as ~~[R-11.]~~

~~—(j)]~~ **R-13.**

(i) Has between 50 and 60 square feet of window area facing south.

~~[(k)]~~ (j) Has 20 square feet of door area.

~~[(l)]~~ (k) Has all its heating and cooling ducts in unconditioned areas.

~~[(m)]~~ (l) Exchanges air 1.5 times each hour.

~~[(n)]~~ (m) Has a gas-fired heating system whose average seasonal level of efficiency is ~~[70 percent.]~~

~~—(o)]~~ *at least 74 percent and whose best practices efficiency is 94 percent, as determined by the 2006 International Energy Conservation Code adopted by reference pursuant to section 1 of this regulation.*

(n) Has an electric air-conditioning system whose energy efficiency ratio is 7.

4. The estimates must be based on calculations contained in the ~~[1981 Fundamentals Handbook published by the American Society of Heating, Refrigeration and Air Conditioning Engineers]~~ Energy Standard 90.1, 2001 User's Manual, as adopted by reference pursuant to *section 1 of this regulation*, or on other calculations which produce results within 20 percent of those produced through use of the ~~[1981 Fundamentals Handbook. That handbook, as it exists on May 17, 1984, is hereby adopted by reference. A copy of that handbook may be obtained from ASHRAE, Publication Sales Department, 1791 Tullie Circle, N.E., Atlanta, Georgia 30329, for a price of \$78.]~~ Energy Standard 90.1, 2001 User's Manual.

5. After presenting its estimates of savings, the utility shall add the following caveat:

ENERGY SAVINGS DEPEND UPON MANY FACTORS. THE ESTIMATES CONTAINED IN THIS ANNOUNCEMENT ARE BASED ON ESTIMATES FOR TYPICAL HOUSES. YOUR ACTUAL SAVINGS IN THE COST OF ENERGY MAY BE LESS THAN THE ESTIMATES PROVIDED HERE IF YOUR HOUSE IS OF A DIFFERENT SIZE OR IF YOUR HABITS OF USING ENERGY ARE DIFFERENT FROM THOSE ASSUMED. THE INSPECTION WHICH WE OFFER WILL PROVIDE MORE SPECIFIC ESTIMATES FOR YOUR HOUSE.

Sec. 8. NAC 704.814 is hereby amended to read as follows:

704.814 1. Except as otherwise provided in subsections 2 and 3, each utility shall, upon request of an eligible customer, perform an inspection of his residential building or dwelling unit to obtain data on which to base specific suggestions or advice for conserving energy.

2. A utility need not conduct an inspection of any residential building or dwelling unit therein if a similar inspection of the building or unit was made for the same owner ~~[-]~~ *within the previous 12 months*. If a similar inspection of the building or unit was made for a previous owner, the utility must provide the eligible customer with a copy of the data collected during the previous inspection and a copy of the results of that inspection at no charge, and must provide the eligible customer with all other services required to be provided by NAC 704.800 to 704.876, inclusive ~~[-]~~, *and section 1 of this regulation*.

3. If a residential building contains more than four dwelling units, the data and results provided to the eligible customer may be based on a sampling of the various types of dwelling units in the building.

Sec. 9. NAC 704.816 is hereby amended to read as follows:

704.816 1. A utility shall make the inspection of an eligible customer's residential building or dwelling unit within 60 days after the date of the customer's request for the inspection.

2. The inspection may be conducted during daylight hours on the utility's normal working days unless the customer requests that it be conducted during daylight hours on a Saturday.

3. The utility shall file with the Commission a quarterly report stating the number of *inspections performed by the utility in the previous quarter and the number of* requests for inspection which it was unable to fulfill in compliance with this section and outlining proposed actions to ensure future compliance.

Sec. 10. NAC 704.818 is hereby amended to read as follows:

704.818 1. Each inspector who conducts an inspection pursuant to NAC 704.814 must have:

(a) Successfully completed a training program *reviewed and approved by the Commission* *and* administered by the utility or by a third person authorized by the utility or under contract with it;

(b) Passed a written test, approved by the Commission, showing his proficiency to serve as an inspector; or

(c) Been certified to perform such inspections under another state's program of residential services for conservation of energy.

2. In addition to meeting the requirement set forth in subsection 1, such an inspector must be:

(a) Employed by the utility or a third person under contract with the utility to perform such inspections; and

(b) Proficient in the particular functions for which he will be responsible during the inspections.

Sec. 11. NAC 704.820 is hereby amended to read as follows:

704.820 1. Each utility shall develop a proposed methodology for performing its residential inspections and shall submit its proposed methodology to the Commission for approval.

2. Except as otherwise provided in NAC 704.822, the proposed methodology must require that:

(a) The inspector's calculations be based upon data collected by him from actual measurements of the interior and exterior of the building and inspection of the equipment used for heating and cooling spaces and heating water.

(b) The data collected be in sufficient detail to enable the inspector to provide the customer with the following information:

(1) A reasonably accurate estimate of the total cost, including materials and labor, to have an installer ~~[listed by the Commission]~~ install the appropriate material and equipment for each applicable measure for conserving energy.

(2) A reasonably accurate estimate of the total cost for the eligible customer ~~[himself]~~ to *purchase and* install the appropriate material and equipment for each of those measures ~~[other than]~~, *including* replacing a central air conditioner, installing wall insulation, or replacing or modifying a furnace, boiler ~~[or]~~ heat pump.

(3) A reasonably accurate estimate of the total savings in energy, expressed in dollars ~~[or]~~ *and kilowatt hours of electric energy or cubic feet of gas*, which would be likely to occur during the first year following completion of each ~~[applicable]~~ *appropriate* measure.

(4) An estimate of the savings, after taking into consideration any available federal tax credits, in cost of energy, expressed in dollars, which would be likely to occur during the first year following completion of all applicable measures, assuming that those measures are carried out in the order of the shortest simple pay back, which is calculated by dividing the estimated cost of installation by the estimated saving from the measure in the first year.

Sec. 12. NAC 704.822 is hereby amended to read as follows:

704.822 In place of calculations based upon actual measurements and inspection as described in subsection 2 of NAC 704.820, a utility's proposed methodology may allow:

1. A measure for conserving energy to be evaluated without the actual measurements if the estimated costs of installation and the savings in energy which would result from such an installation in the typical house within the applicable climatic zone would not vary more than 15

percent from the costs and savings which would be determined if actual measurements were used.

2. An inspector to use the ~~information contained in the following table:~~

~~EFFICIENCIES OF EQUIPMENT IN STEADY STATE~~

—GAS FIRED EQUIPMENT	—EFFICIENCY IN PERCENT
BOILERS	—————80
DUCT FURNACE	—————80
CENTRAL FURNACE	
—(INDOOR INSTALLATION)	—————80
CENTRAL FURNACE	
—(OUTDOOR INSTALLATION)	—————80
DIRECT VENT WALL FURNACE	—————80
VENTED WALL FURNACE	—————80
VENTED ROOM HEATER	—————80

	CONVENTIONAL	IMPROVED
OIL FIRED EQUIPMENT	BURNER	BURNER
	Efficiencies in Percent	
BOILER DRY BACK	70	75
BOILER WET BACK	80	81
CENTRAL FURNACE	82	85
FLOOR FURNACE	72	75
WALL FURNACE	72	75

~~ENERGY EFFICIENCY RATIOS FOR
ELECTRIC CENTRAL AIR CONDITIONERS~~

AGE OF EQUIPMENT	RATIOS
(In Years)	
NEW	7.2

~~0-2~~

~~6.8~~

~~3-7~~

~~6.5~~

~~8~~

~~6.11~~

2006 International Energy Conservation Code, as adopted by reference pursuant to section 1 of this regulation.

Sec. 13. NAC 704.826 is hereby amended to read as follows:

704.826 1. While inspecting a residential building or dwelling unit, the inspector shall determine ~~[the applicability of each]~~ *whether it is appropriate to recommend a* measure for conservation.

2. In determining whether *it is appropriate to recommend* a measure, ~~[is applicable,]~~ the inspector shall abide by the following criteria:

(a) ~~[A measure is not applicable]~~ *It is not appropriate to recommend a measure* if it has already been carried out.

(b) ~~[A measure is not applicable]~~ *It is not appropriate to recommend a measure* if the necessary installations would be in violation of any federal, state or local law or regulation.

(c) ~~[Putting]~~ *It is not appropriate to recommend putting* insulation in walls ~~[is not an applicable measure]~~ unless there is no insulation in a substantial portion of the exterior walls .

~~[and the building is not a mobile home.]~~

~~—(d) Putting]~~

(d) *It is not appropriate to recommend putting* insulation in floors ~~is not an applicable measure~~ unless the building is in northern Nevada and there is no floor insulation present.

(e) ~~The~~ *It is not appropriate to recommend the* installation of heat-absorbing or heat-reflective glass or other material in windows or doors ~~is not an applicable measure~~ unless the building or unit has a central or room air conditioner or an evaporative cooler and the windows and doors upon which the heat-absorbing or heat-reflective material would be installed are not shaded or facing within 45E of true North.

(f) Thermal windows are only ~~applicable as shown in the table contained~~ *appropriate as determined* in *accordance with the provisions of* NAC 704.862.

Sec. 14. NAC 704.828 is hereby amended to read as follows:

704.828 ~~1.~~ A utility may ~~designate a measure~~ *suggest measures* for conserving energy ~~as~~ *but may select* a measure to be evaluated only upon a customer's request. Such ~~a designation~~ *an evaluation* must be based upon:

~~(a)~~ *1.* The frequency of recommendations for installation of the measure made in prior inspections;

~~(b)~~ *2. All costs and benefits;*

3. The length of the payback period; ~~or~~

~~(c)~~ *and*

4. Special conditions which affect savings in energy, cost-effectiveness ~~is~~ and the likelihood of the measure being installed by the customer after the inspection.

~~2.—At the time such a designation is made, the utility shall notify the Commission of the designation and provide data supporting it.]~~

Sec. 15. NAC 704.830 is hereby amended to read as follows:

704.830 If an inspector finds that a furnace, boiler, or heat pump in a residential building or dwelling unit uses as its primary source of energy any fuel or source of energy other than a fuel or source of energy sold by the utility which ~~employs him, he~~ *serves the customer, the inspector* shall not consider replacing the existing equipment with more efficient equipment unless he first obtains the customer's signature to the following statement:

Although the (name of utility) has personnel qualified to conduct an inspection of your (furnace, boiler or heat pump), if your home is heated by a fuel or source of energy other than (types of fuels supplied by utility), the utility cannot inspect your furnace, boiler or heat pump unless you specifically request it to do so. Federal law requires that such a request be made in writing. If you want us to inspect your furnace, although we do not supply the fuel for it, please sign below.

Sec. 16. NAC 704.832 is hereby amended to read as follows:

704.832 1. While inspecting a residential building or dwelling unit for an eligible customer, the utility's inspector shall offer:

(a) To supply the customer, at no charge ~~to him, an~~ :

(1) *An* insulating jacket for the water heater ~~and devices~~ *if, after inspecting the water heater, the utility's inspector determines that an insulating jacket is an effective conservation measure; and*

(2) *Devices* for limiting the maximum flow of water through the ~~shower heads to 3~~ *showerheads to 2.5* gallons per minute; and

(b) To explain to ~~[him]~~ *the customer* how to make adjustments to the thermostats for the furnace and air conditioner and how to reduce the setting of the thermostat for the water heater to ~~[120°F.]~~ *120 degrees Fahrenheit.*

2. A utility shall not supply or install any material or equipment, including the jacket described in subsection 1, to carry out a measure for conservation of energy ~~[or finance such a measure]~~ except in accordance with NAC 704.856 and 704.858.

Sec. 17. NAC 704.834 is hereby amended to read as follows:

704.834 1. After performing an inspection, the inspector shall furnish the customer a written statement of the results of the inspection. The results must include the appropriate information as described in NAC 704.820, 704.826, and 704.830 but must not include information about a measure for conservation of energy unless it is one of the measures listed in NAC 704.806. If the results are not given in person, the inspector shall send the customer a written sample of the typical format of the results and a brief explanation of how to interpret them.

2. The inspector shall also:

(a) Explain to the customer how ~~[he can]~~ *to* select the appliances which use energy most efficiently and how ~~[he can]~~ *to* improve the efficiency of the existing appliances in his household;

(b) Furnish the customer information on how ~~[he can]~~ *to* install the appropriate material or equipment ~~[himself]~~ to accomplish measures ~~[other than]~~, *including* the replacement of a central air conditioner, installation of wall insulation, or the replacement of or modifications to a furnace, boiler ~~[]~~ or heat pump;

(c) Describe and explain to the customer the benefits of any programs, administered by this State or sponsored by the utilities, for making houses *energy-efficient and* weather-tight and the availability of any similar assistance to persons of low income, including the criteria for eligibility and the name and telephone number of the appropriate local agency; and

(d) Give the customer a toll-free telephone number of a representative of the utility who is available to provide:

(1) Consultation regarding the results.

(2) A description and explanation of ~~the~~

~~_____ (I) The] the~~ services available to aid the customer in arranging for the installation and financing . ~~the~~

~~_____ (II) The availability of the lists of suppliers, installers, and lenders;~~

~~_____ (III) The warranties;~~

~~_____ (IV) The inspections required to be provided by the utility after installations; and~~

~~_____ (V) The services provided by the utility to resolve disputes.]~~

Sec. 18. NAC 704.836 is hereby amended to read as follows:

704.836 1. Each utility shall retain a copy of the data collected during each inspection of a residential building or dwelling unit and a copy of the results furnished to the eligible customer.

The copies must be retained for 5 years after the date of the inspection.

2. The utility shall inform each new customer that such data and results for ~~this new residence]~~ *new residences* may be available.

Sec. 19. NAC 704.838 is hereby amended to read as follows:

704.838 Each utility shall, upon the request of any customer whose residential building or dwelling unit has been inspected, ~~[give him]~~ *provide* information and assistance on the following matters:

1. How to obtain, accept ~~[,]~~ and reject bids . ~~[from installers or suppliers listed by the Commission.]~~
2. How to interpret bids received.
3. What a customer should expect to receive in goods or services from ~~[such a listed]~~ *a* supplier or installer.

Sec. 20. NAC 704.856 is hereby amended to read as follows:

704.856 1. A utility may offer to arrange for the supply and installation of the material or equipment needed to carry out a measure for conservation of energy. If the eligible customer accepts, the utility may make the arrangement but only:

- (a) Through a contract with a ~~[listed]~~ supplier or ~~[listed]~~ installer who:
 - (1) Is not subject to the utility's control, except for the performance of the contract, and is not an affiliate or a subsidiary of the utility; and
 - (2) If selected by the utility, is selected in a manner consistent with paragraph (b); and
- (b) In a manner which:
 - (1) Does not involve any unfair method of competition;
 - (2) Does not have any substantially adverse effect on competition in the area in which the supply or installation will be undertaken and will not result in giving any supplier or contractor an unreasonably large share of contracts for such supply or installations;
 - (3) To the extent practicable and consistent with the other provisions of this section, minimizes the cost of the measure to the eligible customer; and

(4) Allows the eligible customer to obtain from the utility upon request a current estimate of the average local price for the supply and installation.

~~2. [If the utility provides the financing for the supply or installation, such financing must also be made available to finance such supply or installation by any listed supplier or listed installer or by the eligible customer, except that the utility may establish reasonable conditions to ensure the quality of the supply and installation.~~

~~—3.] Before a utility undertakes to supply or install material or equipment pursuant to this section, [it] *the utility* must obtain the Commission’s approval . [and must notify the United States Assistant Secretary of Energy.~~

~~—4.— This section does not apply to any supply or installation which is carried out in accordance with the provisions of 10 C.F.R. §§ 456.505 to 456.507, inclusive, and 456.508 to 456.511, inclusive.]~~

Sec. 21. NAC 704.858 is hereby amended to read as follows:

704.858 In supplying or installing material or equipment ~~[or financing measures]~~ for conservation of energy, a utility shall, except in supplying devices pursuant to paragraph (a) of subsection 1 of NAC 704.832 : ~~[or providing the services referred to in subsection 4 of NAC 704.856:]~~

1. Charge fair and reasonable prices and interest rates and upon request of the Commission file a list of comparative prices and interest rates.

2. Conduct its activities in a manner which does not have a substantially adverse effect upon competition or involve the use of unfair, deceptive or anticompetitive acts or practices.

~~{3.— Seek to obtain such financing from financial institutions located throughout the area covered by the lending program to the extent that the utility determines that action to be feasible, consistent with good business practice, and not disadvantageous to its customers.}~~

Sec. 22. NAC 704.860 is hereby amended to read as follows:

704.860 A utility shall not unfairly discriminate:

1. Against any person in providing the announcement of its program for conserving energy in residential buildings or in the content of the announcement, including any advertising for sale ~~[, installation, or financing]~~ *installation* by a supplier ~~[, contractor, or lender,]~~ *or contractor*, including the utility.

2. Among eligible customers in providing inspections of their residential buildings and dwelling units.

3. Among measures for conservation of energy.

4. Among suppliers ~~[, contractors, or lenders]~~ *or contractors* in making recommendations to an eligible customer during an inspection of his premises or in making arrangements for the installation of material or equipment to carry out measures for conserving energy.

~~{5.— Among lenders, suppliers, installers, eligible customers, or measures for conservation in making arrangements for the financing of those measures.}~~

Sec. 23. NAC 704.862 is hereby amended to read as follows:

704.862 1. The levels of R-values for insulation of ceilings and the ~~[applicability]~~ *appropriateness* of thermal windows must be determined in accordance with the ~~[following table:~~

~~—HEATING~~

~~—FUEL USE~~

~~—CEILING~~

~~APPLICABILITY~~

DEGREE		CATEGORY	INSULATION	OF THERMAL
DAYS	REGION	BUILDING	(R-VALUE)	WINDOWS
1001	2	Electricity	22	YES
to		Gas	19	
2500		Oil	19	
		Electric Heat Pump	19	
2501	3	Electricity	30	YES
to		Gas	22	
3500		Oil	22	
		Electric Heat Pump	22	
3501	4	Electricity	30	YES
to		Gas	30	YES
4500		Oil	30	YES
		Electric Heat Pump	30	YES
4501	5	Electricity	30	YES
to		Gas	30	YES
5000		Oil	30	YES
		Electric Heat Pump	30	YES

5001	6	Electricity	30	YES
to		Gas	30	YES
6000		Oil	30	YES
		Electric Heat Pump	30	YES
6001	7	Electricity	38	YES
to		Gas	30	YES
7000		Oil	30	YES
		Electric Heat Pump	38	YES
7001	8	Electricity	38	YES
up		Gas	38	YES
		Oil	38	YES
		Electric Heat Pump	38	YES

~~2. For the purpose of the table,] 2006 International Energy Conservation Code, as adopted by reference pursuant to section 1 of this regulation.~~

2. For the purposes of determining the levels of R-values for insulation in ceilings and the appropriateness of thermal windows pursuant to subsection 1, residential buildings are categorized according to use of fuel, as follows:

(a) Electricity: all residential buildings in which the principal means of heating spaces is by a system of electric resistance ~~[.]~~ *heating.*

(b) Gas: all residential buildings in which natural gas, propane ~~[]~~ or butane is the principal fuel used for heating spaces.

(c) Heat pump: all residential buildings in which the principal means of heating spaces is by an electric heat pump.

(d) Oil: all residential buildings in which heating oil or kerosene of grade number 2 is the principal fuel used for heating spaces. ~~[This category includes all residential buildings which do not fall within any of the other categories.]~~

~~—3.— As used in this section, “heating degree day” means a unit of measurement which represents 1 degree of declination from 65°F in the mean daily outdoor temperature and indicates a need for the heating of spaces in buildings.]~~

(e) Solar: all residential buildings in which the principal means of heating space and water is solar photovoltaic panels or solar thermal panels.

Sec. 24. NAC 704.870 is hereby amended to read as follows:

704.870 Each utility shall submit to the Commission ~~[no later than June 1, 1984, and annually thereafter through June 1, 1986,]~~ *annually* a report regarding actions undertaken by ~~[it]~~ *the utility* pursuant to NAC 704.800 to 704.876, inclusive, *and section 1 of this regulation* during the 12-month period ending the preceding April 1. The report must:

1. Show the number and nature of services, including inspections pursuant to NAC 704.814 ~~[]~~ *and* arrangements for installations ~~[and arrangements for financing]~~ which have been requested or provided.

2. Show the nature and status of any direct supply ~~[, installation, or financing]~~ *or installation* activities engaged in by the utility.

3. Contain an estimate of the utility's costs incurred in carrying out *the provisions of* NAC 704.800 to 704.876, inclusive ~~[-~~

~~4. Give the general nature and approximate number of complaints received concerning services provided pursuant to NAC 704.800 to 704.876, inclusive, and the results of the procedure for informal resolution of complaints.~~

~~—5.] , and section 1 of this regulation.~~

4. Be accompanied by a copy of the announcement of the utility's program in effect during the 12-month period covered by the report.

~~[6.]~~ 5. Show by statistical analysis:

(a) The effectiveness of such announcements and any related advertising in encouraging its customers to engage in the practices for conserving energy as listed in NAC 704.808; and

(b) The effectiveness of each of the other services provided pursuant to NAC 704.800 to 704.876, inclusive, *and section 1 of this regulation* in encouraging its customers to take the measures for conserving energy as listed in NAC 704.806.

Sec. 25. NAC 704.872 is hereby amended to read as follows:

704.872 Each utility shall account in the following manner for all amounts which ~~[it]~~ *the utility* receives or expends in carrying out *the provisions of* NAC 704.800 to 704.876, inclusive ~~[-]~~, *and section 1 of this regulation:*

1. All amounts which ~~[it]~~ *the utility* receives or expends must be accounted for on books and records separately from amounts attributable to any of ~~[its]~~ *the* other activities ~~[-]~~ *of the utility.*

2. All amounts which ~~[it]~~ *the utility* expends in providing the announcement of ~~[its]~~ *the* program *of the utility* and in conducting any public education or promotion concerning ~~[its]~~ *the*

activities *of the utility* under those sections must be charged to subaccounts within Account 909, Customer Service and Information Expenses, as prescribed in the applicable uniform system of accounts. The subaccounts must be maintained in such a manner as to allow ready identification of expended costs.

3. All other amounts which ~~the~~ *the utility* expends in carrying out those sections must be charged to subaccounts within Account 908, Customer Assistance Expenses, as prescribed in the applicable uniform system of accounts. The subaccounts must be maintained in such a manner as to allow ready identification of expended costs and must be segregated into the following categories:

(a) Expenses incurred for inspections conducted pursuant to NAC 704.814.

~~(b) Expenses incurred for inspections conducted pursuant to NAC 704.866.~~

~~(c)~~ Expenses incurred in arranging for installations to carry out measures for conserving energy.

~~(d) Expenses incurred in arranging for the financing of purchases or installations to carry out those measures.~~

~~(e) Expenses incurred in providing for informal resolution of customers' complaints.~~

~~(f) Expenses incurred in arranging for arbitration of customers' complaints.~~

~~(g) Expenses incurred in billing customers pursuant to NAC 704.854.~~

~~(h)~~ (c) Expenses incurred in furnishing the materials and making the installations required by subsection 1 of NAC 704.832.

~~(i)~~ (d) All other expenses incurred in supplying or installing material ~~for financing measures]~~ for conservation of energy.

Sec. 26. NAC 704.874 is hereby amended to read as follows:

704.874 Amounts received by a utility as reimbursement for expenses incurred by ~~it~~ *the utility* in supplying or installing material ~~[or financing measures]~~ to conserve energy must be credited to a separate subaccount within Account 908.

Sec. 27. NAC 704.876 is hereby amended to read as follows:

704.876 1. Except as *otherwise* provided by ~~[subsections 3 and 4 of this section,]~~ *subsection 3*, all amounts incurred in carrying out *the provisions of* NAC 704.800 to 704.876, inclusive, *and section 1 of this regulation* must be treated as current operating expenses of the utility and may be recovered as follows:

(a) Such expenses must be deferred by making appropriate credits to Accounts 908 and 909 and debiting FERC Account 186.

(b) Appropriate deferred income tax amounts must be calculated and recorded by debiting FERC Account 410.1 and crediting FERC Account 283. Separate subaccounts for such amounts must be maintained.

(c) The Commission will establish a monthly base cost at the time of each general rate case. The monthly base cost will be calculated by dividing such expenses by ~~[twelve.]~~ *12*.

(d) Each month the utility must compare the amount of the base cost with the actual amount of such expenses incurred in the month. If the actual charges are greater than the base cost, the difference must be credited in separate subaccounts in Accounts 908 and 909, and a debit in the same amount must be recorded in a separate subaccount in Account 186, Other Deferred Debits. If the actual charges are less than the base cost, the difference must be recorded as a debit in those subaccounts in Accounts 908 and 909, and a credit in the same amount must be recorded in the subaccount in Account 186.

(e) Any accumulated debit or credit balance in the subaccount in Account 186 must be cleared once each year through an amortization charge or credit to be paid or received by each of the utility's customers.

(f) Prior approval of the amount to be amortized must be obtained from the Commission. A petition for such an approval may be filed concurrently with an application for a Deferred Energy Accounting Adjustment or a Purchased Gas Adjustment.

(g) Each petition for such an approval must include the appropriate rate for amortization, based on cents per kilowatt-hour or cents per therm and based upon recorded sales in the test year. In addition, the petition must be accompanied by an exhibit showing the derivation of the rate and a summary of any entries made to Account 186 for such expenses.

2. All revenues received through such an amortization must be credited to Account 186, less an allowance for mill assessments and uncollectible expenses in an amount equal to the rate derived from the utility's last general rate case times gross revenues received from the amortization. A debit to the account must be made in an amount equal to the carrying charges on the balance at the end of the month of the entries made to the account pursuant to NAC 704.800 to 704.876, inclusive ~~[H]~~, *and section 1 of this regulation*. The carrying charges must be calculated at a rate equal to one-twelfth of the overall rate of return last authorized for the utility by the Commission.

3. ~~[Expenses incurred in providing the billing services required by NAC 704.854 must be charged directly to the listed financing agency.]~~

~~—4.]~~ Expenses incurred in supplying or installing material or equipment ~~[for in financing measures]~~ for conserving energy, except for measures required to be offered by subsection 1 of

NAC 704.832, must be charged directly to the customer for whom those measures were provided.

Sec. 28. NAC 704.840, 704.842, 704.844, 704.846, 704.848, 704.850, 704.852, 704.854, 704.864, 704.866 and 704.868 are hereby repealed.

TEXT OF REPEALED SECTIONS

704.840 Lists of qualified suppliers, installers and lenders. (NRS 703.025, 704.210)

The Commission will prepare and maintain master lists of qualified suppliers, installers, and lenders. The list will contain the following information regarding each supplier, installer, or lender:

1. His name and address.
2. The material or equipment that he supplies or installs or the financing that he provides to carry out measures for conserving energy.
3. The territory which he serves.

704.842 Application for inclusion in list of suppliers. (NRS 703.025, 704.210) A person who wishes to have the name of his business included in the Commission's list of suppliers must submit a signed application in which he agrees:

1. To supply only those products which are subject to the warranties described in NAC 704.864 and to post in a conspicuous place in each place of business where those products are

sold and in any catalog offering those products by mail order, a statement setting forth the warranties and identifying each product which is so warranted.

2. To furnish each customer with a copy of the appropriate warranties.
3. To participate in good faith in the informal resolution of any complaints.
4. To submit to binding arbitration for the purpose of resolving complaints regarding the supply of products applicable to measures for conservation of energy.
5. To comply with all applicable federal, state, and local laws and regulations.

704.844 Application for inclusion in list of installers. (NRS 703.025, 704.210) A person who wishes to have his name included in the Commission's list of installers must submit a signed application in which he agrees:

1. To install only products which are covered by a manufacturer's warranty as described in NAC 704.864.
2. To provide each customer with a written warranty as described in that section.
3. To furnish each customer, before any work is commenced, a written contract setting forth in detail the work to be performed, and an itemized listing of the costs of the labor and materials to be provided under the contract.
4. To comply with all applicable federal, state, and local laws, regulations and licensing requirements.
5. To make a bid for the installation of any applicable material or equipment within 10 days after receiving a request for such a bid.
6. Within 10 days after completing an applicable installation, to notify the utility which inspected the residential building or dwelling unit that the installation has been completed.
7. To participate in good faith in the informal resolution of complaints.

8. To submit to binding arbitration for the resolution of complaints concerning the installation of applicable measures for conservation of energy.

704.846 Application for inclusion in list of lenders. (NRS 703.025, 704.210) An applicant who wishes to have the name of his business included in the Commission's list of lenders must submit a signed application in which he agrees:

1. That no loan he makes for the purchase or installation of material or equipment to carry out a measure for conserving energy may include a security interest in any real property used as the customer's principal residence unless the customer acknowledges in writing that he is aware of the consequences of any default on the loan.

2. To comply with all applicable federal, state, and local laws and regulations.

3. To participate in good faith in the informal resolution of complaints regarding loans made for purchases or installations related to measures for conserving energy.

4. To submit to binding arbitration for the purpose of resolving complaints regarding such loans.

704.848 Removal from list. (NRS 703.025, 704.210)

1. A supplier, installer, or lender will be removed from the Commission's list upon his written request.

2. Any supplier, installer, or lender will be removed from the list if he is no longer qualified under federal or state law or local regulation or ordinance to provide the appropriate services or if he fails or refuses to comply with any requirement imposed by NAC 704.800 to 704.876, inclusive.

3. Except as otherwise provided in subsection 4, the Commission's Consumer Division shall give a supplier, installer, or lender 30 days' written notice of any action to remove his name from

the Commission's list. In the notice the Division shall describe with particularity the grounds for removal and shall inform him that he may contest the proposed removal by providing the Division within 30 days a written response to the notice of removal. The notice must include a statement that all records of the Division pertaining to the proposed removal will be available to enable him to make his response. Upon expiration of the 30-day period for response, the Division shall send its recommendation for removal and the response, if any, to the Commission for a decision. The decision of the Commission is a final administrative decision, and any appeal therefrom must be taken in a manner similar to that prescribed in NRS 703.373 to 703.376, inclusive.

4. If an immediate removal of a supplier, installer, or lender from the Commission's list is necessary to protect the public from danger to health or safety, an opportunity to contest the removal will be available to the person after the removal.

5. Any supplier, installer, or lender who has been involuntarily removed from a list may reapply for inclusion after the expiration of 1 year from the effective date of the removal.

704.850 Distribution of lists. (NRS 703.025, 704.210)

1. Forty-five days after giving its initial notice of intent to prepare lists of suppliers, installers, and lenders, the Commission will provide the lists to each utility for distribution. Thereafter, the utilities will be notified of additions to or deletions from the lists as changes occur.

2. Each utility shall distribute copies of the lists to any eligible customer upon request.

3. A utility may redraw the lists so that the listed persons are classified according to the territory they serve or the type of energy-saving measures for which they supply or install material or provide financing.

4. A utility may include with the lists references to other businesses which will provide such material, work, or financing, but if it does so, it shall insert a warning that the other businesses may not offer the warranties described in NAC 704.864 or may not have agreed to submit to binding arbitration of any disputes with customers.

704.852 Information on obtaining financing. (NRS 703.025, 704.210) Each utility shall, upon the request of any customer whose residential building or dwelling unit has been inspected, give him information on how to obtain financing for the purchase or installation of material or equipment to carry out an applicable measure for conserving energy and shall:

1. Furnish him copies of forms currently in use by listed lenders, which he may fill out to establish his credit and apply for a loan;
2. Assist him in completing those forms, as appropriate; and
3. Assist him in understanding the terms and conditions of any loan for which he is applying.

704.854 Repayment of loan through utility. (NRS 703.025, 704.210)

1. Upon the request of a listed lender and with the written approval of the eligible customer, a utility shall permit the repayment of a loan made for purchases or installations for an applicable measure to be billed and paid as part of the periodic billing for the utility's services.
2. The utility shall recover from the lender the cost incurred by the utility in carrying out that manner of repayment.
3. The amount due for repayment of the loan must be separately stated on the bill, and the utility shall first apply any payment received to its billing for utility service and then to repayment of the loan, unless the customer requests otherwise.

4. The utility shall not threaten to terminate or terminate its service to the customer as the result of any default by him in the repayment of such a loan.

704.864 Warranties. (NRS 703.025, 704.210)

1. An eligible customer who purchases or receives a product from a listed supplier for installation to carry out a measure for conservation of energy is entitled to receive from the supplier a warranty that the manufacturer of the product has provided a written warranty that the product is free from any defect resulting from its design, manufacture, or material and that the seller of the product, the installer of it, or the eligible customer is entitled to obtain, within a reasonable time and at no charge, an appropriate part or material as a replacement if some original part or material in the product is found within 1 year after the date of its installation to have such a defect.

2. An eligible customer is also entitled to receive from a listed installer who installs material or equipment for such a measure a written warranty that any defect in the material, design, manufacture, or installation which is discovered within 1 year after the date of installation will be remedied without charge and within a reasonable time.

3. The warranties required by this section supplement all other express or implied warranties concerning such material or equipment. A listed supplier or installer who gives a written warranty pursuant to this section shall not limit any other warranty which he otherwise offers or is required to offer.

704.866 Inspection following installation for conservation of energy. (NRS 703.025, 704.210)

1. If a customer whose residential building or dwelling unit was inspected pursuant to NAC 704.814 thereafter has an installation made to carry out an applicable measure for conservation

of energy, and the customer is unable to obtain an inspection by a state or local official, he may request the utility to inspect the installation. Upon such a request, the utility shall inspect the installation to determine whether it:

(a) Is functioning as intended.

(b) Has been completed in accordance with applicable state law and regulations and local codes and other ordinances.

2. Immediately after such an inspection, the utility shall give the customer a written report of the results of the inspection.

3. If the utility determines that the manner in which the material or equipment was installed creates a significant hazard to health or safety, it shall immediately notify the installer and take all appropriate steps required by its own rules of service.

4. If the utility determines that the installation creates any hazard to health or safety, or is in any other way unsatisfactory, it shall provide the customer with a description and explanation of the procedures for informal and formal resolution of complaints as set forth in NAC 704.868.

704.868 Resolution of complaints. (NRS 703.025, 704.210)

1. A utility shall attempt informally to resolve any complaints by eligible customers against listed suppliers, installers, or lenders regarding applicable measures taken to conserve energy.

2. If a utility is unable to resolve a customer's complaint informally within 10 days, it shall inform him of his right to bring a lawsuit in a court of competent jurisdiction and shall also inform him of the availability of arbitration, describe the procedure for it under chapter 38 of NRS and estimate its cost. At the same time it shall inform him that arbitration may also be available at no charge through a local Better Business Bureau.

3. If the customer desires to have arbitration under chapter 38 of NRS and requests the utility to make the arrangements, it shall arrange to have the complaint submitted to arbitration within a reasonable time. Such a proceeding must be conducted in the manner set forth in chapter 38 except that:

(a) The arbitrator is appointed by the utility and must be a member of the American Arbitration Association.

(b) The arbitrator may relax the formal rules of evidence when to do so will be in the interests of procedural efficiency and justice.