

SENATE COMMITTEE ON
FEDERAL, STATE, AND LOCAL GOVERNMENTSMinutes of Meeting Held
March 14, 1967

The 20th meeting of the Senate Committee on Federal, State, and Local Governments was called to order at 1:05 p.m. on Tuesday, March 14, 1967, by Chairman Gibson.

All committee members were present except Senators Alleman and Monroe, who joined the meeting at 1:50 p.m.

Also present were 32 opponents and proponents of S.B. 199, which "prohibits public utility from installing, replacing or servicing certain equipment beyond meter" (introduced by Senator Young).

The Chairman announced that after the committee's last hearing on S.B. 199 (see minutes of 3/1/67), several people had asked for an additional opportunity to be heard; accordingly, that was the purpose of this meeting. He called first on the bill's introducer, Senator Young, who said that, as the result of testimony presented at the last hearing, he intends to offer an amendment to the bill to provide that "No public utility may rent, sell, or otherwise furnish equipment or appliances." He then called on Louis Mead Dixon, a partner in the Reno law firm of Vargas, Dillon, Bartlett & Dixon.

Mr. Dixon stated he represented the Oil Heat Institute of Nevada, and he named 13 member firms of the Institute (one in Carson City, two at Lake Tahoe, eight in Reno, and two in Sparks). He then introduced the following representatives of other industries and companies who are not members of the Institute, but who join with the Institute in support of the bill:

1. Bert McCuistion (Golden Gate Petroleum)
2. Marshall Mast (Hasco Heating & Air Conditioning Supply)
3. Donald Bell (Lillard Co.)
4. Albert J. Caton, Jr. (Keystone Fuel)
5. Leroy Fitch (Electrical Workers Local 401, IBEW)
6. John Byrne (Northern Nevada Building & Construction Trades Council)
7. Harold W. Knudson (Sheet Metal Workers Union Local 26)
8. George Basta (National Oil & Burner Co.)
9. Emmett Saviers (Saviers Electrical Products Corp.)

Senate Committee on Federal, State, and Local Governments
 Minutes of Meeting Held March 14, 1967
 Page 2

10. Robert L. Dees (Washoe Sheet Metal Co.)
11. William A. Windle (Jan-Win Enterprises, Inc.)
12. Robert LeGoy (Sierra Fuel Co.)
13. Jon E. Madsen (Washoe Fuel, Inc.)
14. John Baker (Baker Electric, Carson City)

All the above, except the last-named, represent Reno firms or groups.

Mr. Dixon presented statistics on numbers of employees, annual payrolls, and inventories, for equipment and appliance sellers in the Reno marketing area, to show that the people represented constitute a segment of the economy which deserves consideration. He stated that S.B. 199, with the amendment proposed by Senator Young, would prohibit a utility from selling or renting appliances or equipment, and that "There has to be a reason for all these people to be here to urge that prohibition." He stated there were really three reasons, two of which were of primary importance:

- 1) "We think the practices that are currently being demonstrated by the utilities involve plain and simple unfair competition."
- 2) "We think that in the public interest these practices that are going on are unfair to an unsuspecting public."

The third reason was: "There are problems concerning the rate payer and the stockholder of the utility, but to try to discuss that would muddy the water in our limited time and wouldn't add as much weight as the first two reasons."

Mr. Dixon then elaborated on the first reason, pointing out that Southwest Gas Corporation employs nonunion employees, whereas the independent dealers are union employers working with union contracts. He mentioned also the Southwest Gas Corporation practice, which he said is continuing, of providing financing for heaters for seven years at 3½% interest, and contrasted this with the independents' position of having to have their customers pay at current bank rates. The financing by Southwest Gas was (at the time of a Public Service Commission hearing, December 29, 1964) done through a subsidiary, and, according to Mr. Dixon: "It only makes sense that that subsidiary was being financed at utility rates of credit. No one can go out in the open market and get that kind of financing." He said that the practice of giving free gas heaters and lights has been stopped, but the people he represents feel that free gifts are still being given in other ways. As an example, he placed emphasis on the practice

Senate Committee on Federal, State, and Local Governments
Minutes of Meeting Held March 14, 1967
Page 3

of the Sierra Pacific Power Company of charging only \$1.95 per month for rental of gas conversion burners installed by the power company free of charge, in existing home furnaces. He stated that if the independents offered such a service, the best they could do at regular banking rates would be to charge \$6.00 to \$10.35 a month. Thus the utility is furnishing this equipment at cost or below cost; either way the practice constitutes unfair competition. The only way the power company can offer and maintain this \$1.95 rental program, he said, is to rely on its utility assets, which are public supported. When the PSC questioned the power company about the \$1.95 rental program, in February 1965, the PSC was informed that the power company considered this to be a nonutility function. Mr. Dixon stated he had talked with Mr. George Allard, Chairman of the PSC, who told him the PSC has decided that this activity is not within the jurisdiction of the PSC. Accordingly, the only recourse the dealers have against this unfair competition is to go to the Legislature for relief.

As to the "unsuspecting public" phase of his argument, Mr. Dixon quoted, from the December 1964 PSC hearing, the Southwest Gas Executive Vice President as saying: "We have to get our appliances into the customer's house if we can, because the customer is not going to take the dollars to convert. . . out of his pocket." Mr. Dixon declared that, having made the conversion, the customer is a captive customer. Although he may wish to do so, he cannot convert back to oil, unless he can or will spend \$700-\$800 to do so. The oil dealers cannot afford to say, "We'll give you a new burner if you come back to us." Between March 1, 1964, and December 30, 1964, Southwest Gas spent \$374,000 in direct marketing cost (equipment and labor only). When questioned about this at the December 1964 PSC hearing, Southwest Gas said it would get this back in two years in revenue. Mr. Dixon then quoted from a February 8, 1967 newspaper article concerning a Southwest Gas petition to the PSC to increase its rates, the need for the increase allegedly being based on increased costs to the company. By a strange coincidence, Mr. Dixon stated, the company was quoted as saying that, based on 1966 figures, the additional income that would be realized from the requested higher rates would be \$374,000--per year.

Mr. Dixon distributed copies of letters, estimates, and billings in support of his case, copies of which are attached to these minutes.

In summation, he said: "We submit, therefore, that this bill, if adopted, will do nothing more than put the utilities out of private enterprise in an area where private enterprise can satisfactorily do the job and in an area where the utilities don't belong. Competition between the many legitimate dealers will keep prices to a minimum. We don't think utilities should subsidize these programs."

Senate Committee on Federal, State, and Local Governments
Minutes of Meeting Held March 14, 1967
Page 4

Mr. Dixon then called on Mr. John Baker of Baker Electric, Carson City, who spoke on behalf of the National Electrical Contractors Association. His point was that the small businessman cannot compete against the utilities' giveaways. He distributed a newspaper ad used by Southwest Gas, in support of his contention.

Mr. John Byrne, representing the Northern Nevada Building and Construction Trades, spoke next and stated his organization is affiliated with 21 local unions in northern Nevada, one of which is the local that represents the employees of Sierra Pacific Power Company. Yet his organization supports the bill. He stated that public utilities, if they are not earning a profit, can go before the PSC and get increases to insure a profit, and it is the consumer who must absorb the increases. He said that industry depends to a large extent on repair work, as well as on initial sales. Therefore, when the utilities enter the field, they deprive the dealers not only of initial sales, but of repair work and the opportunity to make resales. Another advantage to the utilities, he stated, is that they are not required to meet the same rigid installation practices that are established for business by county and city codes. The power company operates only under PSC and federal regulations, where, he said, enforcement is usually minimal. As to the utilities' claim of lack of availability of emergency repair service, he referred the committee to the classified section of the phone book, where 24-hour services in the electrical, gas, and plumbing fields are advertised. He said the difference between these advertised services and the utilities is that the latter furnish the services with no direct cost, but the customer has to absorb the cost, nevertheless, in his utility bill. In conclusion, he said: "We don't object to utilities if they meet the same standards and assume the same risk as industry."

Roy Fitch, Business Manager, International Electrical Workers Local No. 401, spoke next, in support of S.B. 199. He said that utilities should be prevented from working inside the property lines or inside the consumer's home, that the proper area of their service is in maintaining poles and lines. He also stated that dealers can't compete with giveaway programs. He said dealers' employees must buy annual city licenses, and their work is subject to inspection, whereas utilities' work is not subject to inspection.

Mr. Scott Wadsworth, representing the IBEW, Local 1245, whose principal contractor is the Sierra Pacific Power Company, spoke in opposition to the bill. He stated this problem was nothing new and is a jurisdictional problem; that his international union is constantly trying to settle jurisdictional problems between utility workers and construction locals. They have maintained, he said, that anything the utility owns and operates they have the right to service with their own people. "This is substantially

Senate Committee on Federal, State, and Local Governments
 Minutes of Meeting Held March 14, 1967
 Page 5

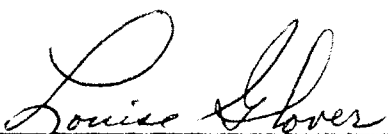
true nationwide. . . . I would hope that this committee will not get itself involved in settling a jurisdictional dispute that should be settled within the unions."

Mr. Guild of Southwest Gas asked if the bill as amended would provide that a utility could not rent, sell or otherwise furnish equipment; also if it has to do with "beyond the meter". Senator Young replied in the affirmative to both questions. Mr. Guild then introduced Mr. Max Nauman, Senior Vice President - Marketing, for Southwest Gas Corporation. Mr. Nauman presented figures to indicate that Southwest Gas sells and installs only a very small percentage of equipment. He stated the reason his company is opposed to the bill is that new apartment building owners and tract home developers are building all-electrical units and homes and are buying their equipment directly from the manufacturer. He said if his company is denied the right to market as a utility, this will deny them any opportunity to compete for the market; that the competition they face is not from the dealers but from people whom, he said, this law is not going to affect.

Mr. Merle Atcheson, Vice President, Sierra Pacific Power Company, was the last speaker. He said the Sierra Pacific squabble is with the Oil Heat Institute people and not with the skilled labor trades. He reiterated his statement made at the March 1 hearing that the power company is one of the largest contractors of union work in the state. As to the conversion burners, he said that in general these go in existing plants where the installation work has already been done; that it is true their own people do service work, and the company does give considerable service, which is reflected in the rates. He went on to say that the power company made the gas line to Nevada possible and that this has stimulated industry of all kinds in Nevada, although he admitted it may have hurt the oil heat industry. He stated that S.B. 199 as written would jeopardize Sierra Pacific's night guard street lights that light up backyards. He said, also, that the company owns and operates every kind of street lighting system in northern Nevada in every combination of ownership: They own some, the State Highway owns some, customers own some. The rate schedules are made to handle this. Some might border on being a leasing system--especially the night guard system.

The Chairman told those present the committee would give careful consideration to the presentations made, in deliberating on the bill.

The meeting adjourned at 2:10 p.m.


 Louise Glover - Secretary

I certify that the foregoing minutes are correct.

Senator James I. Gibson
 Chairman

SIERRA PACIFIC POWER COMPANY

February 3, 1965

Presented to St.
3/14 Local Govt.
Comm. mtg. by
att'y. Mabel Dixon

Public Service Commission
State of Nevada
State Office Building
Carson City, Nevada 29701

Attention: Mr. Leslie W. Carlson, Commissioner

Gentlemen:

We hereby acknowledge receipt of your inquiry of February 1, 1965 regarding our conversion burner rental program.

The conversion burner rental program is considered by us as a non-utility function. As such, revenues and expenses are charged "below the line" as non-operating income. Also, installations are not made "free of charge" as the customer pays through the rental charge.

The statement underscored in our advertising, "The low monthly rental is added to your gas bill", is an oversight. In fact, billings to these customers are made by separate bills, not added to their utility bill. Mr. Lowe informs me that our advertising will be changed to read, "The low monthly rental may be paid with your gas bill", to conform to our actual practice.

Very truly yours,

Ralph Payne Cromer
Director of Planning
and Research

RPC:jrv

*Presented by Reno atty.
Mead Dixon 3/14/67 @
Sen. J. St., & Local Gov.
Comm. hearing on S.B. 199.*



J. G. ALLARD, *Chairman*
NOEL A. CLARK, *Commissioner*
LESLIE W. CARLSON, *Commissioner*
WILLIAM E. MOONEY, *Secretary*

PUBLIC SERVICE COMMISSION

STATE OF NEVADA

STATE OFFICE BUILDING
CARSON CITY, NEVADA 89701

February 1, 1965

ADDRESS ALL COMMUNICATIONS
TO THE COMMISSION

Sierra Pacific Power Company
220 South Virginia Street
Reno, Nevada

Attention: Mr. Ralph P. Cromer,
Director of Planning & Research

Gentlemen:

We notice that Sierra Pacific Power Company is currently running ads in the Nevada State Journal and Reno Evening Gazette, offering to install natural gas conversion burners in existing home furnaces, free of charge; and to rent the burner to the customer thereafter for \$1.95 per month, added to the monthly gas bill.

We do not find in the Sierra Pacific's filed tariffs a schedule covering this rental charge. We refer you to Section 704.610, NRS, which provides, in part:

"it shall be unlawful for any public utility.....to demand, collect or receive any rate, toll or charge not specified in such schedules....."
The penalty for violation is provided in Section 704.590, NRS.

If Sierra Pacific Power Company intends to offer rental service on gas burning equipment a schedule must be filed with the Commission before the rate can become effective. In the interim, all advertising and installation work should be stopped, until such time as the utility can legally offer and charge for the service.

Also, please advise whether it is the utility's intention to make accounting entries for rental of gas burning equipment above or below the line.

Very truly yours,

PUBLIC SERVICE COMMISSION OF NEVADA

LES CARLSON
Commissioner

LC:NI
Enc.

C
O
P
Y

Presented by Reno attorney Mead Dixon
3/14/67 @ St. Fed. Dist. v Local
Gov. Com. hearing on SB 199.

SIERRA PACIFIC POWER COMPANY

99

GAS RENTAL HEATING PROGRAM CONTRACT

ROUTE & FOLIO #

SERVICE ADDRESS 1315 WESLEY DR. CITY RENO PHONE # 329-7245
NAME OF APPLICANT JAMES W. MAURER DATE WANTED A.S.A.P.
EQUIP. RENTAL BILLED TO SAME ADDRESS SAME
GAS SERVICE BILLED TO SAME ADDRESS SAME

EQUIPMENT TO BE INSTALLED: WALL HEATER CONVERSION BURNER CIRCULATING HEATER
 THRU-THE-WALL FLOOR FURNACE OTHER _____
MAKE COLMAN MODEL 30M MFG. SERIAL # _____ CO. # _____

MANUAL AUTO. BLOWER YES NO DISPOSITION OF EXISTING EQUIP. LEAVE PICKUP
MATERIAL ORDER # _____

S INSTALL IN FAMILY ROOM ON EAST WALL
A NEXT TO FIRE PLACE.
L
E
S INSPECT TUE. 13TH BTWN. 11 & 12 SALESMAN: James Eaton

AGREEMENT

THE UNDERSIGNED OCCUPANT AND/OR THE OWNER OF THE PREMISES LOCATED AT THE ABOVE ADDRESS (HEREINAFTER CALLED THE "APPLICANT") HEREBY APPLIES TO SIERRA PACIFIC POWER COMPANY (HEREINAFTER CALLED THE "COMPANY") FOR NATURAL GAS SERVICE AT THE ABOVE ADDRESS UPON THE FOLLOWING TERMS AND CONDITIONS:
1. THE COMPANY AGREES TO SUPPLY AND INSTALL AT THE ABOVE PREMISES NATURAL GAS SPACE HEATING EQUIPMENT DESIGNATED ABOVE WITH REQUIRED INTERIOR PIPING (HEREINAFTER CALLED THE "EQUIPMENT") FOR WHICH THE APPLICANT AGREES TO PAY A SERVICE CHARGE OF \$1.95 PER MONTH FOR A PERIOD OF NOT LESS THAN THIRTY-SIX CONSECUTIVE MONTHS, BEGINNING WITH THE DATE NATURAL GAS IS INITIALLY DELIVERED TO SUCH EQUIPMENT, AND CONTINUING THEREAFTER UNTIL TERMINATED BY THE APPLICANT UPON NOT LESS THAN THIRTY DAYS WRITTEN NOTICE TO THE COMPANY.
2. THE APPLICANT GRANTS THE COMPANY THE RIGHT TO ENTER UPON THE PREMISES TO LAY DOWN, CONSTRUCT, OPERATE, MAINTAIN, INSPECT, ALTER, REMOVE, REPAIR, REPLACE AND USE A GAS SERVICE LINE FROM THE STREET MAIN FOR THE PURPOSE OF DELIVERING GAS TO THE PREMISES. THE LOCATION, METHOD AND DATE OF CONSTRUCTION OF THE GAS SERVICE LINE SHALL BE DETERMINED BY THE COMPANY AT ITS SOLE DISCRETION.
3. THE COMPANY SHALL AT ALL TIMES RETAIN OWNERSHIP OF THE EQUIPMENT INSTALLED PURSUANT TO THIS CONTRACT. WHENEVER NOTIFIED BY THE APPLICANT THAT THE EQUIPMENT IS NOT OPERATING PROPERLY, THE COMPANY WILL AT ITS EXPENSE PROMPTLY ADJUST OR REPAIR THE EQUIPMENT SO AS TO RESTORE IT TO PROPER OPERATING CONDITION PROVIDED THAT SUCH CONDITION WAS NOT DUE TO THE APPLICANT'S ACT OR NEGLIGENCE.
4. THE COMPANY, WITHOUT PREJUDICE TO ANY OTHER CLAIM IT MAY HAVE HEREUNDER, MAY TERMINATE THIS CONTRACT AND ENTER THE PREMISES AND DISCONNECT AND REMOVE THE EQUIPMENT WITHIN 30 DAYS AFTER 5 DAYS' PRIOR WRITTEN NOTICE OF SUCH INTENTION: (A) IF THE APPLICANT DAMAGES OR IMPROPERLY USES THE EQUIPMENT OR FAILS TO PAY THE SERVICE CHARGE AS PROVIDED HEREIN; OR (B) IF IN THE OPINION OF THE COMPANY SATISFACTORY OPERATION OF THE EQUIPMENT IS NOT REASONABLY POSSIBLE.
5. THE COMPANY UPON REQUEST OF THE APPLICANT MAY BUT SHALL NOT BE OBLIGATED TO REMOVE FROM THE PREMISES EQUIPMENT OF THE APPLICANT THAT HAS BEEN REPLACED BY THE EQUIPMENT OF THE COMPANY, NOR SHALL THE COMPANY BE OBLIGATED TO REINSTALL REPLACED OR SUBSTITUTE EQUIPMENT OF THE APPLICATION UPON TERMINATION OF THIS CONTRACT.
6. THE OWNER OF THE PREMISES, WHEN HE IS THE OCCUPANT OR OTHERWISE, SHALL NOTIFY THE COMPANY IF THE PREMISES ARE SUBSEQUENTLY SOLD OR OCCUPIED BY SOMEONE OTHER THAN THE APPLICANT, AND THE COMPANY SHALL HAVE THE RIGHT TO REMOVE THE EQUIPMENT INSTALLED UNDER THIS CONTRACT UNLESS SUCH SUBSEQUENT OCCUPANT AND/OR OWNER SHALL EXECUTE A NEW ONE.

DATED THE 9 DAY OF DEC, 1966
APPLICANT: J. Maurer
OWNER (IF OTHER THAN APPLICANT)
OWNER'S ADDRESS _____

ACCEPTED THIS 3 DAY OF JANUARY, 1967
SIERRA PACIFIC POWER COMPANY
BY: David Bennett

SET - IDLE SERVICE NEW SERVICE - EXISTING MAIN APPROVED DISAPPROVED
 NEW SERVICE - MAIN EXTENSION ADDITIONAL METER SET ON EXISTING SERVICE
 EXISTING CUSTOMER ADDITIONAL UNIT ON H.H.S.P.

BY _____ DATE _____

*Presented by Messrs
Mead Dixon 3/14/67
Sen. Fed., St., & Local Gov.
Comm. hearing on SB 199.*

ROUTE 1 FOLIO 14
190277604

POST OFFICE BOX 2111, RENO, NEVADA 89505
Telephone No. — See Reverse Side

READ DATE	PRESENT	PREVIOUS	CONSTANT OR BTU	KWH OR THERM	RATE	SYMBOL *	AMOUNT
022867	33227	31914				131305EL	22.81
	00355	00193	.9203			81WT	5.95
						14961GS	20.37

CONTROL NUMBER
592654

THE AMOUNT LISTED BELOW IS NOW PAST DUE. PLEASE PAY PROMPTLY.

MAURER JAMES W
1315 WESLEY DR
RENO NEVADA

TOTAL **49.13**
* SEE REVERSE SIDE

THIS BILL IS DUE AND PAYABLE UPON PRESENTATION AND THE CURRENT PORTION BECOMES PAST DUE ON

FOR SERVICE AT

03 17 67

PRINTED BY THE STANDARD REGISTER COMPANY, U.S.A.

100

PLEASE MENTION THIS NUMBER IF YOU PHONE OR WRITE

ROUTE 1 FOLIO 14
190277604

SIERRA PACIFIC POWER CO.
POST OFFICE BOX 2111, RENO, NEVADA 89505
Telephone No. — See Reverse Side

READ DATE	PRESENT	PREVIOUS	CONSTANT OR BTU	KWH OR THERM	RATE	SYMBOL *	AMOUNT
012767	31914	30776				113805EL	20.44
	00193	00000	.9196			81WT	5.95
						17761GS	23.59

CONTROL NUMBER
514754

THE AMOUNT LISTED BELOW IS NOW PAST DUE. PLEASE PAY PROMPTLY.

MAURER JAMES W
1315 WESLEY DR
RENO NEVADA

TOTAL **49.98**
* SEE REVERSE SIDE

THIS BILL IS DUE AND PAYABLE UPON PRESENTATION AND THE CURRENT PORTION BECOMES PAST DUE ON

FOR SERVICE AT

02 17 67

PRINTED BY THE STANDARD REGISTER COMPANY, U.S.A.

74.06

SIERRA PACIFIC POWER CO.
POST OFFICE BOX 2111, RENO, NEVADA 89505
TELEPHONE NO. 789-4444

PLEASE MENTION THIS NUMBER IF YOU PHONE OR WRITE.

ROUTE FOLIO T
190277604

STATEMENT OF MERCHANDISE ACCOUNT

FROM MONTH YEAR	SERVICE DATES		DESCRIPTION	AMOUNT
	TO MONTH YEAR	TO MONTH YEAR		
1 67	1 67	2 67	BALANCE FORWARD	3.90
	2 67	2 67	GAS RENTAL CHARGE	3.90
	2 67		PAYMENT	3.90 CR

THE AMOUNT LISTED BELOW IS NOW PAST DUE. PLEASE PAY PROMPTLY.

MAURER JAMES W
1315 WESLEY DR
RENO NEVADA

TOTAL **3.90**

THIS BILL IS DUE AND PAYABLE UPON PRESENTATION AND THE CURRENT PORTION BECOMES PAST DUE ON

FOR SERVICE AT

03 09 67

IBM J78031 J78032

74.06

SIERRA PACIFIC POWER CO.
POST OFFICE BOX 2111, RENO, NEVADA 89505
TELEPHONE NO. 789-4444

PLEASE MENTION THIS NUMBER IF YOU PHONE OR WRITE.

ROUTE FOLIO T
190277604

STATEMENT OF MERCHANDISE ACCOUNT

FROM MONTH YEAR	SERVICE DATES		DESCRIPTION	AMOUNT
	TO MONTH YEAR	TO MONTH YEAR		
1 67	1 67		GAS RENTAL CHARGE	3.90

THE AMOUNT LISTED BELOW IS NOW PAST DUE. PLEASE PAY PROMPTLY.

MAURER JAMES W
1315 WESLEY DR
RENO NEVADA

TOTAL **3.90**

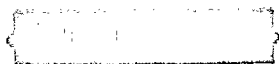
THIS BILL IS DUE AND PAYABLE UPON PRESENTATION AND THE CURRENT PORTION BECOMES PAST DUE ON

FOR SERVICE AT

02 06 67

IBM J78031 J78032

Presented by Atty Mead Dixon (Reno)
3/11/67 @ Sen. Fed, St., & Local
Gov. Com. hearing on SB 199.



Heating & Air Conditioning Supply, Inc.

LICENSED MECHANICAL CONTRACTORS NEVADA 123, CALIFORNIA 75789
1050 TERMINAL WAY • TELEPHONE 323-2111 • P.O. BOX 569
RENO, NEVADA

TO WHOM IT MAY CONCERN:

After a survey of the equipment installed in the James Mauer residence, 1315 Wesley Drive, in Reno, I came to the following conclusions.

The total cost for installation of a thru-the-wall unit, Coleman Model No. 2333, would run at very minimum \$241.00, including labor and materials. Complications as to gas piping, etc., will increase the cost of this job considerably.

The second unit is a Coleman Model No. 2004C Gas Fired Floor Furnace, including the wall thermostat. The cost of installation on this unit would be \$336.00 as a minimum, and as stated in the previous unit unforeseen factors would probably increase the cost considerably over this amount.

If time were taken for a complete survey which would give an accurate price, it would surely be higher than the above figures, as they are minimum costs of the installation.

Two units, Coleman Model No. 2366 Gas Fired Counterflow Wall Furnaces, are installed in the workshop of the Illustrated Printing Shop, located on Matley Lane in Reno. Minimum installation price for these two units would be approximately \$640.00. The actual bid price on this equipment would probably be considerably higher.

March 9, 1967



*Presented by Renoally,
Mead Dixon 3/14/67 @
Gen. A. St. & Local Gov.
Comm. hearing on S.B. 199.*

Heating & Air Conditioning Supply, Inc.

LICENSED MECHANICAL CONTRACTORS

NEVADA 123, CALIFORNIA 75789

1080 TERMINAL WAY • TELEPHONE 323-2111 • P.O. BOX 869

RENO, NEVADA

March 7, 1967

TO WHOM IT MAY CONCERN:

We offer you the following information regarding prices and leasing on Coleman wall heaters, floor furnaces, and thru-wall vent heaters, since we are distributors for Coleman products and have used the same models in each category which we understand the Sierra Pacific Power Company has been buying direct from the factory and leasing for \$1.95 per month.

Our prices are based on the distributor's cost of the unit, and includes gas piping material, vent material, combustion air material, framing material where cutting is necessary, miscellaneous material, and then sales tax on this cost.

Labor is included, using skilled Union labor, as required for superintending and inspecting the job, delivering the unit, cutting and framing for wall openings or floor openings, as well as ceiling and roof for the flue, installing of the unit, the flue and the combustion air, then installing the gas piping from the meter to unit, and testing and adjusting when complete.

Under subcontracting we have included wiring on the motors as well as wall thermostats.

Under expenses, we have included the City permit and inspection on gas piping, as well as one year's service and warranty.

After adding all of these costs together, including cost of equipment, labor, subcontract, and expenses, we arrive at a total cost, and to this we have added 15% as our established overhead, and then a 5% profit, to arrive at a cash sale price, and then if this is to be purchased on a 5-year lease plan of course 6% interest per year would be added.

Our cash price and monthly rental, based on a 5-year (60 month plan) for the various units would be as follows.



Heating & Air Conditioning Supply, Inc.

LICENSED MECHANICAL CONTRACTORS

NEVADA 123, CALIFORNIA 75789

1080 TERMINAL WAY • TELEPHONE 323-2111 • P.O. BOX 569

RENO, NEVADA

Page Two

March 7, 1967

Coleman Model No. GCWF50 Forced Air Downflow Gas Wall Furnace, as a single unit model - \$438.00 cash price, or \$9.49 per month on lease plan.

If the same model gas wall furnace is installed as a dual wall, which requires registers on both sides, and the cutting and framing of the wall, then the cash price would be \$478.00, or \$10.35 per month on the lease plan.

Coleman Model No. GFF70SG Gas Floor Furnace completely installed - cash price \$459.00 or on the lease plan \$9.95 per month.

Coleman Model No. GT-WF30T Gas Thru-the-wall Vent Heater with built-in thermostat completely installed - cash price \$360.00, or \$6.00 per month on the lease plan.

It is impossible to obtain more than 5-year financing from banks or financial institutions to either sell on contract or on the lease plan, so, therefore, it is impossible to compete with the \$1.95 per month regardless of cost which is the amount the Sierra Pacific Power Company charges with their subsidizing program, and in turn affects Union labor and the economy of our community.

Respectfully submitted,

HEATING & AIR CONDITIONING SUPPLY, INC.

Clyde M. Mast
President

Presented by Reno atty
Mead Dixon 3/14/67 @
Gen. Fed., St., + Local Govt
Comm. hearing on SB 199.

Lan-Win Enterprises

1401 West Fourth Street
Reno, Nevada - 89503

Mailing Address P. O. Box 5788

3/8/67

104
VENTILATING and SHEET METAL
CONTRACTORS
Telephone: 322-2159

HEATING and AIR CONDITIONING
SALES and SERVICE
FREE ESTIMATES

To Whom It May Concern:

Average forced air furnace ,duct,gas lines & wiring	\$700.00
Wall Heater, gas lines & wiring	\$400.00
Conversion burner,gaslines & wiring	\$400.00

Lan-Win Enterprises Inc

by Bill Windle
Bill Windle



INDUSTRY RELATIONS

The Golden Dragon WISH TO ANNOUNCE NAPHCC Attacks Utility Promotions

AVAILABLE FOR LUNCHEONS AND BANQUETS

The National Association of Plumbing-Heating-Cooling Contractors has filed a complaint with the Federal Trade Commission seeking an investigation of "certain monopolistic practices of gas and electric utility companies" that discriminate against the small businessman plumbing and heating contractor.

The Commission was asked to invoke its authority under Section 6 of the Federal Trade Commission Act and "institute appropriate proceedings such as will have the capacity and the effect of encouraging and assuring fair competition between the plumbing-heating-cooling contractor and the public utility." Fifty-one public utility companies were named.

The complaint presents a picture of two huge utility systems—gas and electric—competing so hard they are crushing the man in the middle, the small plumbing-heating contractor. It points out that the utilities are not so concerned with profit in selling appliances and equipment as they are with getting their type of fuel used by the customer. To this end, it is asserted, they resort to various types of subsidy, discounts and rebates which effectively eliminate the independent installer from the market. The Association said:

"Ironically, the utilities have invaded the contractors' markets, not necessarily to capture the (equip-

ment) business as such for themselves, but rather as a means of competing one with the other for the sale of their fuels. These giants have embarked upon a collision course which is destroying the plumbing-heating-cooling contractor and which in its wake will leaving remaining on this business scene true monopolies possessed and to be aggrandized by the utilities.

... It is true that utilities are franchised by the public to operate as legal monopolies. But though lawfully acquired, this monopoly power is being used in a manner which is substantially foreclosing the plumbing-heating-cooling contractor from competing in his normal and only marketplace.

"The quest of the utilities to load their systems has led to subsidy programs limited only by the ingenuity of their sponsors. Promotional allowances, rebates, free service, no-cost long-term financing, and sale at cost or below cost or at unreasonably low prices are but a few of the ways in

which the utilities have indulged themselves in their momentous efforts to expand their energy sales."

The complaint cited, among other things, the Gold Medal and Live Better Electrically programs of the electric utilities to promote electric heating, cooking, water heating, clothes drying, refrigeration, and air conditioning. It also was critical of gas companies who promote, sell, install, finance and serve various types of gas appliances and utilization equipment.

The small businessman cannot realistically hope to compete with the giveaway programs that the utilities are offering the consumers," the complaint continues. "While the utility may recapture its losses as an expense on which its rate structure is based, the plumbing-heating-cooling contractor is not the beneficiary of the public largess; rather, he must look to his own resources which are meager to begin with. Where the contractor cannot realize a profit the utility is able to painlessly absorb a loss."

The NAPHCC, noting that the utilities are aware that some of their merchandising practices are skirting on antitrust law violation, said there is much more than a probability of an antitrust violation; that this is anti-competitive activity of a character that requires injunctive prohibitions. ■



W. L. Swanson

Local Businessman Gets Appointment

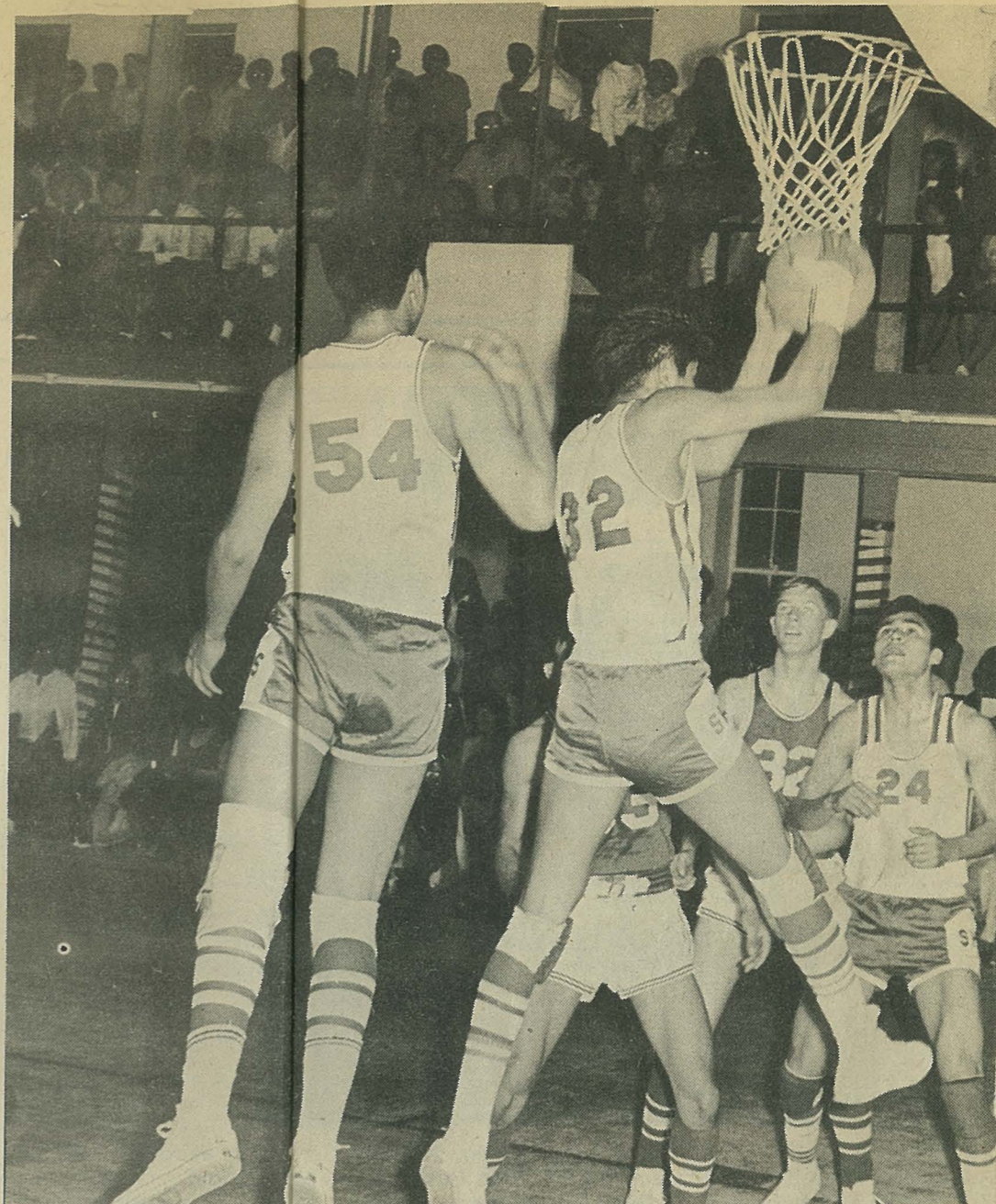
W.L. (Swede) Swanson, Carson City businessman, today was appointed to represent Ormsby County on the State Advisory Board of the Department of Economic Development.

The appointment was made by Gov. Paul Laxalt.

Swanson, 45, is general manager and president of Savage Construction Inc. and Cinderlite Products in Ormsby County.

Swanson replaces Robert Bawden who moved from the county. The 17-member advisory board advises the Governor and the State Department of Economic Development of the economic needs and opportunities of Nevada.

"I feel Nevada should work hard to attract the type industry that its citizens want and which will be beneficial to the entire state," Swanson said. "We should also look to methods of obtaining some of the land in Nevada (nearly 83 percent) from the federal government



STEWART BRAVE REBOUNDS--Ronald Edwards (32) comes down with a rebound during the Braves 70-56 victory over Yerington Friday Night. Edwards pumped in 21 points. Teammates Alvin Miguel (54) and Cornell Edsitty (24) are ready to assist.

JoAnn Says: "Be My Guest"

I'LL PUT A DRYER IN YOUR HOME FOR 60 DAYS!



MEN'S COATS

(1 group limited)

Presented 3/14/67 by John Baker/John Byrne @
Sen. Fed., St., & Local Gov. Com. hearing re
SB 199, SOUTHWEST GAS COMPANY PROPOSAL ON DRYER PROMOTION

Installed price (Norge - Model: DGG7520 dryer).....	\$179.00
Plus Nevada State Sales Tax.....	\$ 3.58
	\$182.58
Less down payment.....	\$ 5.00
BALANCE.....	\$177.58

(Balance can be paid in 60 installments of \$3.61 each, which includes 4 1/2% interest.)

(Installation includes 10 feet of piping, 1 flex connector, 1 shut-off valve and moisture vent.)

(From what information we could secure the above dryer cost is approximately \$150.00.)

(Figures below are based on \$139.00 dealer cost.)

COMPARABLE PROPOSAL BY INDEPENDENT DEALER

Dryer selling price with 27% mark up; minimum necessary to handle and warrant merchandise (\$37.53 margin).....	\$176.53
Minimum installation charge.....	\$ 21.45
	\$217.98
Nevada State Sales Tax.....	\$ 4.36
Complete installed price.....	\$222.34
Minimum down payment.....	\$ 22.34
BALANCE.....	\$200.00

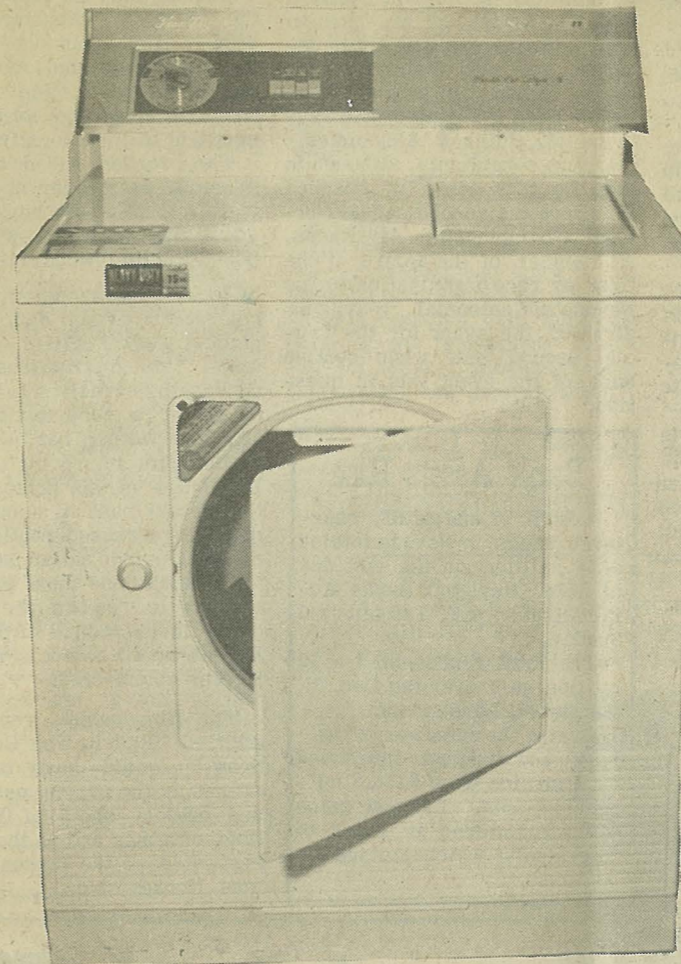
(Balance can be paid in 36 installments of \$7.22 each, which includes 9.16% interest as taken from the First National Bank schedule.)

..... "WHICH DEAL WOULD YOU TAKE?"

-NO OBLIGATION

JoAnn Sheerin

SOUTHWEST GAS
HOME ECONOMIST



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AT

882-2126

TO TRY

A BRAND NEW

NORGE

GAS DRYER

**FOR THE NEXT
60 DAYS**

LEADING HOME ECONOMISTS REPORT:

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- . HIGHEST DEGREE OF CONTROL
- . HIGHEST DEGREE OF SANITIZED AIR

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