MINUTES

COMMERCE COMMITTEE - NEVADA STATE LEGISLATURE - 58TH SESSION

April 30, 1975

The meeting was called to order by Chairman Robinson at 3:55 P.M.

MEMBERS PRESENT: Mr. Benkovich
Mr. Demers
Mr. Getto
Mr. Harmon
Mr. Hickey
Mr. Moody
Mr. Schofield
Mr. Wittenberg
Mr. Chairman

MEMBERS ABSENT: None

SPEAKING GUESTS: Assemblyman Wagner
Vonita Stephens, Northern Nevada Epilepsy League
Dallas Pierson, Nevada Lung Association
George Evans, Alcoholic and Drug Rehabilitation and Detoxification
Pat Bates, Bureau of Alcohol and Drug Abuse
George Ciapusci, State Farm Insurance
Milos Terzich, A.L.I.A. and H.I.A.A.
Virgil Anderson, AAA Insurance
Peter Newman, attorney
Joe L. Gremban, Sierra Pacific Power Company
Gary Soule, Sierra Pacific Power Company
William B. Bendel, Stone and Webster Engineering Company for Sierra Pacific Power Company
Joseph Cramer, Stone and Webster Engineering Company for Sierra Pacific Power Company
Jack Moore, Southern California Edison Company
Harold Taber, Sierra Pacific Power Company
Dr. L. T. Papay, Southern California Edison
Charles Vaughn, Nevada Power Company
W. H. Winn, Kennecott Copper
Paul Gimmill, Nevada Mining Association, Inc.
Thorne Butler, State Environmental Commission
Daisy Talvitie, League of Womens Voters
Gene Matteucci, Nevada Power Company
C. H. McCrea, Southwest Gas Corporation
Dr. Ravenholt, Clark County Health Officer and Clark County Environmental Pollution Control Officer
Richard Campbell, Sierra Pacific Power Company
Joe Lawler
Al Chapman, Mobile Home Association of Nevada
Al Rutledge, Carson Mobile Homes

The meeting was called to order by Chairman Robinson at 3:55 P.M.

The purpose of this meeting was to discuss the following bills:

AB 560	AB 675	AB 700	AB 625
AB 707	AB 697	AB 704	SB 202
AB 708	AB 698	AB 716	

The first bill to be taken up was AB 560 which:

Prohibits discrimination by insurance companies based solely on medical condition of applicant.

Assemblyman Wagner spoke on behalf of this bill saying she introduced it for the Epilepsy League of Nevada. But bill would cover other chronic illness besides epilepsy. Their treatment and medication for their chronic illness would be excluded but they could at least get coverage for other illness or accident.

Vonita Stephens of the Northern Nevada Epilepsy League then spoke in favor of the bill. She submitted to the committee, a copy of an article from "National Spokesman" magazine and summarized its contents. A copy of this article is attached hereto as Exhibit A. She felt that insurance companies should not have to pay for pre-existing conditions but certainly for other things. She said 80% of all epileptics can lead a perfectly normal life and very few die from the sickness.

Dallas Pearson of the Nevada Lung Association then spoke in favor of the bill and spoke in terms of tuberculosis. He said once a person contracts this illness, if he is not in a group policy, his insurance is cancelled and he felt this was unfair to these people since tuberculosis is not the same illness it was years ago with far fewer complications and added that very few cases of tuberculosis ever reactivate.

George Evans then spoke in favor of the bill commenting that a recent Supreme Court decision has held that alcoholism and drug addition are illnesses. He also felt these people could better be treated in facilities designed specifically for this treatment rather than in hospitals.

Pat Bates spoke in favor of the bill. She said she would like to see alcoholism and narcotism specifically included in Section 3 of this bill.

George Ciapusci of State Farm Insurance spoke in opposition to AB 560 as it relates to casualty insurance which includes auto insurance. He spoke with regard to the third party claimant when a person with such an unfortunate illness is behind the wheel of a car. He said presently the exclusions with regard to auto casualty insurance are epileptics, alcoholics, severe heart conditions, and perhaps the habitual drug addict. This would be non-eligible risks. He said he would like to see casualty insurance stricken from the bill and as far as the other types of coverage including this provision, he did not feel qualified to answer.

Pat Bates commented that very few accidents are caused by alcoholics but rather the social drinker who has over-indulged but who has not admitted that he has a drinking problem.

Milos Terzich then spoke on the bill saying Mrs. Wagner's intent is admirable but he felt the bill would actually be a detriment

to the people of Nevada. He explained in detail how epileptics are presently covered under group plans and that they can obtain individual insurance at an increased premium and that each one of these policy applications are gone over individually. He said he was not saying every person afflicted could obtain insurance but that there is insurance available which will either be rated up, have a waiver attached, or decline. Mr. Terzich felt this bill to be an "attorneys' bill". He added that if this bill was passed, it would eliminate the insurance that is presently existing.

Mr. Virgil Anderson of AAA stated he was in concurrence with Mr. Ciapusci's comments with regard to auto insurance.

Richard Garrod of Farmers Insurance Group said he also concurred with regard to casualty insurance.

Mrs. Bates again commented that there is no evidence that alcohol related accidents are caused by alcoholics but that the majority are caused by social drinkers who have overindulged. Also, that the alcoholic has no problem getting insurance. It is just after they have rehabilitated and have admitted they have a problem that they are discriminated against.

Attorney Peter Newman spoke in favor of AB 560. He felt it unfair to discriminate against a person because he has a history of illness if he is discriminated against unfairly. The bill specifically stated "UNFAIR". He added that health insurance is the most important asset a person can have today. Without it, he is like a person on welfare or one with no income. He did not think insurance companies should be able to pick and choose and only issue policies to people who are only good risks. He said he would not consider it discriminatory to charge a higher premium to these people.

This concluded testimony on this bill. AB 697 was scheduled for hearing today but Chairman Robinson said this would be heard at a later date with another bill of similar subject matter.

At this point, due to the considerable length of the agenda for this hearing, the committee was divided into two subcommittees. Vice Chairman Harmon and Mr. Getto and Mr. Hickey left the committee for the purpose of hearing testimony on AB 698 and AB 704 and SB 202. Those minutes are incorporated herein. Chairman Robinson, Mr. Benkovich, Mr. Demers, Mr. Moody, Mr. Schofield and Mr. Wittenberg remained in the hearing room to hear the balance of the agenda.

At this point, AB 675 was taken up. It:

Makes certain changes in air pollution regulations.

Joe Gremban of Sierra Pacific Power Company was present to speak in favor of this bill. He submitted written testimony and introduced the following persons to speak in favor of the bill who also submitted written testimony all of which is attached:

Joe Gremban	-	Exhibit 1
Joe Gremban (amendments)	-	Exhibit 1a
Gary Soule	-	Exhibit 1b
Wm. B. Bendel	-	Exhibit 1c
Joseph Cramer	-	Exhibit 1d

Jack Moore of Southern California Edison then spoke on this bill. His comments were being made also for the other joint owners of the Mojave Station. He said during construction of Mojave, rules were revised in Clark County to the extent that they are the most stringent in the U.S. and could not be met with existing control systems so the Clark County Air Pollution Control Hearing Board issued an extention for full compliancy until 1977. Since 1971, approximately 2.5 million dollars has been spent for pilot plant, stack gas scrubbing equipment and approximately 36 million dollars for tests for two full sized scrubbers which will be discarded at the end of the program. Test results indicate that the particulate and sulfer dioxide removal requirements could be met if costly stack gas scrubers were installed. This is the most advanced technology to date and it would not consistantly meet the visual opacity r3le at Mojave. This depends more on the angle of the sun and the diameter of the stacks and monitoring results have disclosed that stack gas emissions from Mojave have had no measureable affect on ambient air quality. He then answered many questions which consistantly come up on this subject:

1. Did you oppose the establishment of existing Clark County emission standards?

Yes, throughout all the hearings, he said that they testified that regulations should not be adopted until more was known.

2. Does the data available today change your point of view on the Clark County Emission regulations?

No, the Desert Research Institute data continues to show that the Mojave emissions have no significant affect on the ambient air quality in the region.

3. Have the results of the Desert Research Institute's ambient air monitoring been made available to Clark County?

Yes, in quarterly reports and in testimony at semi-annual hearings which consistantly show that there is no adverse affect on the ambient air quality.

4. Will the proposed scrubbers meet the proposed emission regulations?

With regard to particulates and sulfer dioxide, the answer is yes, however, the opposite is true regarding the opacity. The best technology available today will reduce the opacity but will not meet Clark County regulations.

5. What has been and what will be the projected cost of the scrubbers at the Mojave Plant?

The pilot test plant program which ran from 1971 until 1973 cost $2.5 million. The test module program which was started in 1973 and will be completed shortly cost $36 million and the production scrubbers are estimated to cost up to $170 million additional dollars. When all costs are considered, the result is an annual cost of up to $44.5 million annually or $1.5 billion over the expected life of the plant.

6. What air quality benefits will result from the proposed scrubber system?

None.

7. What disadvantages are there?

a. Additional foreign supplies of low sulfer oil will be required to replace the coal burned to furnish the electric power and steam to operate the scrubbers and this cost will have an impact on the rates to Clark County consumers.

b. 2.5 million cubic feet of scrubber sludge each year will have to be disposed of.

c. Enormous amounts of additional expense to the consumer with no real benefit of air quality.

He concluded his statement by saying he strongly supported the passage of AB 675 with Mr. Gremban's proposed amendments.

At that point there seemed to be a question of previous testimony that Clark County has the most stringent standards in the U.S. and Dr. Larry Papay confirmed that Los Angeles is more stringent.

Mr. Harold Taber commented that at the last hearing board meeting, they (Sierra Pacific) served notice that they would return again because they are just now completing the study to ask for a change based on opacity. He added that there is no scrubber system that will meet the Clark County opacity requirements.

Charles Vaughn of Nevada Power Company then spoke on the bill. He submitted written testimony which is attached hereto as Exhibit B.

Mr. W. H. Winn of Kennecott Copper then spoke on AB 675. His written testimony is attached hereto as Exhibit C. He suggested that all reference to existing plants be left out of the bill. Mr. Gremban concurred with this suggestion.

Paul Gimmell then spoke saying that AB 675 becomes a matter of economics of the mining industry of the State and relates to the problems of new producers who bring new employment. The majority of people in the mining industry are small producers or individual prospectors but they are the seedbed for the development of major producers. Roadblocks and unnecessary regulations disturb their operation and in many cases prevent their operation at all. Any unwarranted cost tends to reduce our completely eliminate the profit in these areas.

He concluded by saying that we have gone through a period of Federal regulation that went farther than it needs to go in many areas - not just in the area of pollution - and he said he certainly endorses the principles behind AB 675 for the benefit of the entire mining industry in the State of Nevada.

Mr. Thorn Butler then spoke in opposition to AB 675. He said in order to bring the large figures presented this evening into perspective, he commented that the power plants being discussed are immense. Mojave Plant, for example, produces more electricity than Hoover Dam.

Mr. Butler went on to say that the main reason the Commission is opposed to this bill is because it is mixing the problem between emission standards and ambient air standards. He said if AB 675 was adopted, the current air pollution control program in the State would be completely eliminated. They would have to start all over again. He said if this bill was passed, in areas where the ambient air standards are already being exceeded, further development in these areas would not be possible.

Daisy Talvitie then spoke in opposition to AB 675. Her written testimony is attached hereto as Exhibit D.

Dick Serdoz also spoke in opposition to AB 675. His written testimony is attached hereto as Exhibit E.

This concluded testimony on AB 675 and AB 707 was taken up which:

> Requires public utility to submit certain statements of cost and provides for adjustment of increased cost of purchased fuel and power if public utility utilizes deferred accounting.

Mr. Gremban spoke in favor of this bill. He gave some background information as to the rate cases in the past. Rate increases have been requested much more frequently because of the ever increasing cost of fuel and purchased power. He pointed out on graphs the time lag of rate increases and profit picture and commented that the items that bring about a rate request are the cost of fuel and purchased power, changes in the consumer price index and the cost of money. He added that they have never been permited to earn an adequate rate of return on their money. He felt this method would have a tendency to level off the rates to the consumer particularly during the winter months when rates are the most. This method would bring the rate base within a period of two to three months of the date the new rates would take effect. It would minimize the frequency of rate increase requests.

Mr. Gremban suggested some changes to the bill:

> On the last page, line 3, after the word "separately" add "if presented".

> On the last page, line 2, "the commission may" should be changed to "the commission shall".

On the last page, line 7, instead of the words "beginning on", it should read "beyond".

On the last page, line 10, after the word "capital", add "if evidence thereof is presented".

On Page 2, line 9, the word "the" should be "its". The wording would then be: "the results of its estimated...".

Gene Matteucci then spoke saying he was in favor of AB 707.

C. H. McCrea also spoke in favor of the bill saying he supported it with the amendments proposed by Mr. Gremban. He, too, suggested an amendment:

On Page 2, line 29 insert the following sentence after the sentence ending with "commission":

"Nothing herein shall preclude any utility employing deferred accounting from seeking commission approval of rate increases to offset increased fuel costs more often than every six months where the increase in the cost of fuel to such utility even though deferred for future collection would have a material adverse impact on the financial condition of the utility."

He said some increases in the cost of fuel have been very sizeable and if a company had to defer these, this would get into their working capital and take them beyond their power loan agreements.

Mr. Gremban concurred with this suggestion.

There were no opponents present to speak on the bill. Exhibit G

Discussion then turned to AB 708 which:

Places moratorium on enforcement of restrictive air pollution and emission standards on public utilities.

Daisy Talvitie spoke in favor of this bill and submitted amendments which are attached hereto as Exhibit F. She said it is important that the rights of the local agencies to adopt more stringent regulations should be retained so that areas could be dealt with individually. When asked if she would consider rather than 1000 megawatts to insert 500 megawatts, she said she would be opposed to this primarily because she has not had time to study what impact it would have.

Dr. Robinson asked if AB 708 with Mrs. Talvitie's amendments would be all right for Sierra Pacific Power Company. Sierra Pacific representative said it would not because their plants presently under construction are only 250 megawatts so this bill would do nothing for them. A moratorium, they went on to say, would do them no good because they must know now what the requirements will be while these plants are under construction rather than making costly additions and changes after the plants are completed.

Dr. Butler commented that the State Environmental Commission would support AB 708 with Mrs. Talvitie's amendments. This would allow for more study to be done. He said the question was one of cost and what is wanted to be accomplished with regard to health and asthetics. He said if this bill was passed, Sierra Pacific would have the opportunity to seek relief almost immediately. He said this bill would allow everyone concerned to get into the act and would give everyone more time and more time to be sure the proper laws were made.

Dr. Ravenholt then spoke saying the reason this came up is not that the State Environmental Agency did not do its job, but rather that it did its job in excess. The Agency proceeded with much less information than is now available. He wondered if the provisions in this bill for reassessment and readjustment would be done by the currently functioning mechanism or by whom. He said he would not be adverse to carrying it out on the district level in Clark County. He said if a single statewide standard is adopted, there must be latitude in the hands of someone to make comments and recommendations. He said if standards are adopted, they must bear in mind that our population is not static but a steadily growing one.

Mr. Vaughn commented that his firm could better live with a provision for 100 megawatts rather than 1000.

Mr. Matteucci commented that his firm could support the bill; however he felt the provision for 1000 megawatts to be unreasonable although they could live with it.

Mr. Moore of Southern California Edison said this bill with Mrs. Talvitie's amendments solves their problem at the Mojave Plant. He commented that there would be no assurances that Clark County regulations would be less strict at the end of such a moratorium but at least they will have had more time to work on a solution and be better prepared.

Richard Campbell of Sierra Pacific Power Company offered an alternative proposal which he felt would satisfy the urban areas. That proposal was that Washoe and Clark County be eliminated from AB 675 so that a State Environmental Commission could adopt no more stringent standards in the small counties than would be imposed by the Federal Government.

Mr. Soule and Mr. Cramer both felt that if this were passed, separate plans for new plants would have to be drawn for the power plant section and for the chemical plant section (environmental controls).

Mr. Taber spoke stating that he felt this measure to be special legislation. If passed, it would apply to only one plant in Nevada - Mojave. He therefore felt it was subject to constitutional question.

This concluded testimony on this measure and discussion turned to AB 625 which:

Permits mobile home buyer to rescind contract with dealer within specified time period.

Joe Lawlor spoke in favor of this bill. He felt it would call a screeching halt to "hot box" selling techniques. He said the records show proof that dealers in the State of Nevada have withheld deposits of $500 to $1000 on coaches which never left the lot when the prospective buyer decided to cancel the deal. He said there have been cases where owners will sabatoge their coaches in order to get out from under a deal. He felt the prospective buyer should have sufficient time to determine just exactly what was involved in such a purchase. He said presently there are many repossessions of mobile homes. When asked, Mr. Lawlor said he would have no opposition if lines 11 and 12 on Page 2 were deleted.

When Chairman Robinson commented that perhaps such a provision for a 24 hour time period for rescinding any contracted purchase, Mr. Lawlor stated that a mobile home is a major investment in life and would be different that purchases of just any personal property. He also commented that this has been one of their trouble areas in the past. He said automobiles rate as their number one area of complaint and mobile homes rate second.

Chairman Robinson asked him to bring in his file of complaints for further study by the committee. Mr. Lawlor agreed.

Mr. Lawlor concluded his statements by informing the committee that Assemblyman Benkovich and Gene Milligan of the Nevada Association of Realtors were also in favor of this bill.

Mr. Al Chapman of the Mobile Home Association of Nevada spoke on the bill stating that he felt it was discriminatory. He felt it was an insult to the mobile home buyer inferring that he is not competent to handle his own affairs. He said all dealers must comply with the Truth in Lending laws so he felt the customer well informed as to what they are purchasing. He said this bill providing a 2 day wait would be a great inconvenience to the buyers who are living in motels and want immediate delivery. He said it would actually create more of a delay because dealers would not want to do all of the work involved in a sale if there was a possiblity of rescinding the contract. He would therefore wait until the deal was firm. He also felt the scheduleing of deliveries would be chaotic. He also commented that during this waiting period, another prospective buyer may be interested in a mobile home in the waiting process and this sale could be lost and the original prospective buyer might rescind and the dealer would lose all around. In conclusion, he said he did not feel this measure fair or necessary.

Al Rutledge then spoke asking what protection the dealer would have as he felt the dealer could be suffering a loss if this bill were passed. He did not feel singling out just the mobile home industry was fair. He felt if such a measure was passed, the dealers would have contracts that would not hold water.

This concluded the hearings on the above bills and the meeting was adjourned at 9:00 P.M.

Respectfully submitted,

Joan Anderson, Secretary

COMMERCE COMMITTEE

PUBLIC HEARING PROCEDURE

CHAIRMAN'S CHECKLIST:

1. Copies available of subject to be considered.
2. Clipboards for witnesses to register upon entering room.
3. Water and cups.
4. Gavel, Billbook, Minute Book, note pads.

PROCEDURE:

1. Roll call, announce quorum.
2. Announce bill and ask for proponents.
3. Ask for opponents.
4. Assign subcommittee if needed.
5. Conclude by closing the public hearing on that particular bill or subject.
6. Thank witnesses for appearing.

COMMERCE COMMITTEE

PUBLIC HEARING PROCEDURE

Public Hearings will be held on all important Commerce bills in Room 316 of the Legislative Building unless it is determined these facilities would be inadequate.

Advance notice of hearings shall state the time and place of the hearing and will identify the bill number and subject matter. Sufficient copies of the bill and any related printed material to be considered shall be available for use of committee members. Persons testifying may be asked to supply printed copies of data presented to the committee verbally.

Public Hearings will be called to order promptly at the scheduled time. Presence of a quorum is required to conduct a hearing. The Chairman will announce the number of the bill or other matter under consideration. The Chairman will instruct the secretary to obtain the names of all interested persons in attendance wishing to testify and to identify themselves (i.e. press, lobbyist, government agency, citizens group representative, etc.)

The Chairman can limit the length of time any person is allowed to speak and will if possible announce this limitation at the beginning of the hearing.

After opening the hearing, the Chairman will call for persons present who wish to be heard in favor of the subject being considered. The Chairman will call them to address the committee in an order as determined by the Chairman. The secretary will make certain that the records of the meeting show the name, address, and the organization represented by each person who speaks to the committee.

The Chairman gives committee members opportunity to question a witness when they indicate to the Chair their desire to so do. Questions shall be exploratory in nature and the Chairman shall maintain supervision of the questioning to avoid debate or argument between committee members and witnesses. Questions from spectators to witnesses are not allowed.

After persons who wish to be heard in favor of the subject, the Chairman will call for those persons who wish to be heard in opposition and they will be called upon in the same manner as were the proponents with equal time being allowed and similar opportunity for questioning by committee members.

When all have been heard, the Chairman declares the public hearing closed on the subject before proceeding to other matters.

AGENDA FOR COMMITTEE ON COMMERCE

Date APRIL 30, 1975 Time 3:00 P.M. Room 316 (3rd Revision) ~~(2nd revision)~~

SUPERSEDES PREVIOUS AGENDA POSTED FOR THIS DATE.

Bills or Resolutions to be considered	Subject	Counsel requested*
AB 707	Requires public utility to submit certain statements of cost and provides for adjustment of increased cost of purchased fuel and power if public utility utilizes deferred accounting.	
AB 708	Places moratorium on enforcement of restrictive air pollution and emmission standards on public utilities.	
AB 675	Makes certain changes in air polution regulations.	
AB 560	Prohibits discrimination by insurance companies based solely on medical condition of applicant.	
AB 697	Substantially revises condominium law.	
AB 698	Requires certain subdividers to place electric and communications facilities in underground locations.	
AB 700	Requires local governments to provide licensing and regulating of farmers' markets.	
AB 704	Authorizes county commissioners of any county to exempt certain parcels of land from subdivision law requirements.	
SB 202	Requires title insurance companies transacting escrow services to be licensed as escrow agents and places restrictions on escrow accounts.	
AB 716	Requires adoption of minimum insulation standards for all public and private buildings constructed in Nevada.	
AB 625	Permits mobile home buyer to rescind contract with dealer within specified time period.	

GUEST REGISTER

COMMERCE COMMITTEE

DATE: 4/30

NAME	REPRESENTING	PLEASE CHECK IF YOU WISH TO SPEAK
[illegible]	Lynn Rose, Elko Nev.	AB698
Beverly Calkins	Northern Nev. Epilepsy	AB560
Vonita Stephens	Northern Nev. Epilepsy League	AB 560
Joy Plunkett	Northern Nev. Epilepsy League	AB 560
Al Chapman	Mobile Home Ass'n	AB 625
Al Rutledge	Carson Mobile Homes	AB 625
Ernie Gregory	Dept. Human Resources	
Thorne J. Butler	State Environmental Commission	AB 675 AB708
Ed LeBarn	So Cal Edison	AB675 AB 708
Gary M. Soulé	Sierra Pacific Power Co	AB 675
D Campbell		AB 675 AB 698. AB 707 AB 708
Howard Winn	Kennecott Copper Corp	AB675
L.T. Papay	So Cal Edison	
N J DeHaven	So Cal. Edison	
R.M. Christiansen	Stearns Roger, Inc.	
Roger L. Steele	U of Nev. - DRI	

GUEST REGISTER

COMMERCE COMMITTEE

DATE: ______________

NAME	REPRESENTING	PLEASE CHECK IF YOU WISH TO SPEAK
Don Arkell	Clark Co. Dist. Health Dept.	
Otto Ravenholt	" " " "	yes 708 675
E. J. Silva	DMV	AB 625
V. P. Anderson	AAA	
Richard C. Garrod	Farmers ~~Farmers~~ Ins Group	
[illegible]	NEVADA INSURANCE DIVISION	SB ~~AB~~ 202
VN Littlefield	St. Pub Works Bd	AB 716
Paul Gemmill	Nevada Mining Ass'n Inc	AB 675
Charlie F. Vaughn	Nevada Power Co	✓
JAMES H. ZORNES	" " "	
H.D. Belknap	Southern Calif. Edison Co.	
Jack B. Moore	"	✓
William P. Bendel	Stone & Webster Eng Co for Sierra Pacific	AB 675 ✓
Joseph J. Cramer	Stone & Webster Eng. Corp. for Sierra Pacific Power	AB 675 ✓
Harold O. Tabor	Sierra Pac Power Co	AB 675
Joe L. Drumbeam	" " " "	AB 675 AB 707
P H M. Crea	Southwest Gas Corp.	AB 707 ✓

Name	Representing	Please check if you wish to speak 560
[illegible signature]	Alcoholic & Drug Rehab & Detox.	✓
Pat Bates	Alcohol & Drug Abuse	✓ 560
Patricia Burke	Alcoholics Rehabilitation Assoc., Inc	
Dan L. Norton	alcoholics Rehabilitation Assoc, Inc	
Clark Guild	South West Gas Corp.	✓ 560
George Ciapusci	State Farm Ins. Co	
M. Jane Matteucci	Nev. Power Co.	
[illegible signature]	Nevada Insurance Division	
Milos Terzich	American Life Ins. Assoc. Health Ins. Assoc. of Am.	AB 560 opposition

EXHIBIT A
STEPHENS

Epilepsy and Insurance

By Leonard Perlman, Ed.D.
and Lewis Strudler

Insurance is a well-established modern practice of providing for the contingency of sickness or death. Persons with epilepsy, like all persons, can appreciate the economic advantages of insuring their lives, health and property. However, the insurance industry has traditionally been profit-oriented rather than service-oriented, and therefore investigates each applicant for insurance to determine if the risks involved in granting insurance are justifiable in a business sense.

Quite often the person with epilepsy has difficulty in obtaining insurance. He is either summarily denied coverage or must pay an exorbitant amount in premiums. In a survey performed by the Epilepsy Foundation of America in 1973 of 400 persons whom the Foundation could positively identify as either having epilepsy themselves or having had children with the disorder, 33.8 percent reported that they had difficulty obtaining life insurance and 30.1 percent reported that they had trouble obtaining health and accident insurance. Of those eligible to drive, 15.7 percent had problems obtaining automobile insurance.

Statistics

While it may be true that some persons with epilepsy represent a substandard risk, the insurance companies are generally unable to evaluate all applicants with epilepsy fairly because they have no accurate statistics on mortality and accident rates for persons with epilepsy. Accurate statistics would be difficult to obtain currently because thousands of insurance holders with epilepsy do not acknowledge they have some form of epilepsy in applying for coverage — for obvious reasons.

Dr. Samuel Livingston, former director and physician-in-charge of the Epilepsy Clinic at Johns Hopkins Hospital, was guest speaker at the 1969 annual meeting of the Mid-Atlantic Insurance Medical Directors Association. His subject then was "The Insurability of the Epileptic". He stated that his involvement with the meeting had given him the opportunity to learn the current attitudes and practices of approximately 100 medical directors and members of the Mortality Actuary Committee. He felt that the insurance industry, in general, was not interested in insuring the person with epilepsy, and that the attitudes relative to the insurability of the person with epilepsy had not changed over the past thirty years.

That was what Dr. Livingston said in 1969. It is now almost six years later, and insurance companies have not to our knowledge changed at all since then. The lack of progress in this field, as well as in many others, is undoubtedly due to a lack of knowledge and understanding of the disorder, as well as a lack of *experience* in underwriting insurance for persons with epilepsy.

One of the most comprehensive investigations of the underwriting and rating of life and health insurance coverage of epilepsy was funded by the Epilepsy Foundation in 1965, and was conducted by Dr. Robert D. Eilers and Dr. Joseph J. Melone. They said then: "Most persons with epilepsy can purchase individual life insurance protection. However, the united mortality data available on insured persons with epilepsy is higher, on the average, than for standard groups. Thus, in many instances, the coverage will be issued only at substandard rates." However, these "average" figures are based on incomplete statistics which are likely to be skewed in the direction of the most severely handicapped. In the past, insurance companies have been reluctant to reveal the statistics on which such rates are based.

Life

Drs. Eilers and Melone stated that the availability of life insurance protection for persons with epilepsy, and the premium rate they were charged, was dependent largely upon the type of epilepsy and the related medical history. For petit mal, coverage is usually available, although the standard rate depends on the duration of the seizure-free period and the frequency of seizures in the years when they occurred. Following are examples of the amount of additional premiums computed according to the number of years which have elapsed since the last seizure:

Up to 2 years	+80-125%
3- 5 years	+55- 80%
6-10 years	+25- 50%
Over 10 years	+10%

For grand mal, the availability of coverage is much more restricted: in fact coverage, is, in most cases, rarely available at all. If it is, the premium rate is as follows:

Up to 2 years	+250%
2- 5 years	+150%
5-10 years	+ 50-100%
Over 10 years	+ 20- 50%

Health

In the area of *health insurance*, the person with epilepsy will also be restricted so far as the types of policy and amount of coverage which are available. For example, long term disability income coverage and major medical protection are either not totally now available to persons with epilepsy or are offered only to those with mild forms of the affliction.

Persons with petit mal and Jacksonian epilepsy, (operated), who have been seizure free for a few years, however, can expect to obtain most forms of health coverage at about twice the standard premium. In some cases, providing that the person's work record justifies it, coverage even be available at standard rates.

Automobile

All states will issue automobile licenses, under specified conditions, to persons with epilepsy. Licensing standards vary from state to state, but the most common requirement is that the person be seizure-free for a specified period of time and that he periodically furnish a physician's statement to this effect. What has happened is that the parameters of this requirement have also varied state to state. The professional advisory board of the Epilepsy Foundation, in a publication entitled *Consensus* (1974), states that "the granting of restricted licenses or temporary licenses for periods of 3 to 6 months, followed by a permanent license after 2 seizure-free years, allows for maximal public protection while ensuring that the person with epilepsy receives continuous care to control his seizures."

Once the person has his license, he should be entitled to insurance, not harassment. Each week the Epilepsy Foundation receives letters asking about companies that will insure automobile drivers with epilepsy at standard rates. Unfortunately, they seldom exist. What happens is that persons who inform insurance companies of their epilepsy generally find they can only obtain coverage through the more costly assigned risk plans. And even though all states have these plans, in some instances persons with epilepsy find they do not qualify for them. The result, periodically, is that the person with epilepsy often does not report it to the Motor Vehicle Bureau or the insurance company.

When asked, insurance companies will generally state that "they feel a person with epilepsy has a higher than average probability of being involved in an accident and also that claims from accidents involving persons with epilepsy are higher than average." We at the Epilepsy Foundation of America would like to see these statistics. We do not believe they exist.

Obviously, the statement contained in *Epilepsy and the Law* by Barrow and Fabing, published in 1966, is still true today: "The insurance picture, as it affects persons with epilepsy, is not bright." The only way to brighten this picture is to convince the public that the incidence of accidents among persons with epilepsy is no greater than among the population as a whole and that there is no proof of a significant difference between the longevity of persons with epilepsy and the general population. All it will take to make this information known is for one insurance company to become interested enough in the disorder to take the same time and effort that they have spent on studying other conditions and do the same for epilepsy. It is most likely that they will find that insuring this population at reasonable rates is a profitable undertaking.

In the meantime, the need for some relief in this area is leading the Foundation to the conclusion that it must seek ways to provide this service itself.

Exhibit 1
1104

My name is Joe L. Gremban. I am Executive Vice President and Chief Financial Officer of Sierra Pacific Power Company. I have with me two members of the staff of the environmental division of Stone & Webster Engineering Corporation and Mr. Gary Soule', a Senior Vice President of Sierra Pacific Power Company, who are prepared to testify in support of AB 675 and the proposed amendments to the bill.

The amendments which we propose to Section 1 and Section 3(2) of AB 675 are designed to clarify the language of those two sections as originally proposed.

The proposed amendment to AB 675 by adding Section 5 would require local air quality boards to adopt ambient air quality and emission standards which are no more stringent than the federal standards except that in geographically defined local areas within the county where there is a concentrated population of over 100,000 people together with industrial activity in the area, more stringent air quality and emission standards could be established. This would take care of the air pollution problems in the Las Vegas Valley and the Truckee Meadows.

Sierra Pacific Power Company is engaged in site studies and has entered into contracts with Westinghouse and Stone & Webster Engineering Corporation for environmental studies and the planning and designing of a coal-fired generating station in central Nevada comprised of two 250 MW units. The company plans to start construction of this generating station in 1976. However, we cannot design and construct a coal-fired generating station under existing SO_2

emission standards without installing wet scrubbers. These costs cannot be justified on a cost-benefit basis.

Mr. Gary Soule', Senior Vice President of Sierra Pacific Power Company, will describe the problems which Sierra Pacific faces in the planning and construction of this generating station in central Nevada as a result of the state's stringent SO_2 emission standard.

MR. SOULE'

Our next witness is Mr. William Bendel, supervisor of the atmospheric impact group of the environmental engineering division of Stone & Webster Engineering Corporation. MR. BENDEL.

Our next witness is Mr. Joseph J. Cramer, who has been engaged in air quality studies for Sierra Pacific in connection with its Tracy and Fort Churchill generation stations for several years.

MR. CRAMER.

JOE GREMBAN

(1)

CONCLUSION

The testimony of these witnesses shows:

1. That under existing state SO_2 emission standards Sierra Pacific cannot design and construct a coal-fired generating station in central Nevada without installing wet scrubbers;

2. That the cost of this equipment is estimated at $34 million for the first 250 MW unit, and that the total capital and operating costs of the equipment will be approximately $6 million annually. This represents an increase of up to 10% in consumer rates each time a unit is built. Sierra requires a new unit every two years. At that rate, it wouldn't be too long before environmental costs would represent a sizeable portion of consumers bills.

3. That Sierra Pacific can build the proposed power plant without wet scrubbers if low sulfur Utah or Wyoming coal is used, and eliminate millions of dollars in capital investment and operating costs if the ambient air quality and emission standards in the state of Nevada are no more stringent than federal standards.

We believe that emission standards for sulfur dioxide should be no more stringent than necessary to protect the public health and welfare because the costs to the public of overly strict sulfur dioxide standards cannot be justified on a cost-benefit basis.

4. In the interest of holding electric rates down, we strongly urge the adoption of AB 675 and the proposed amendments thereto.

5. A moratorium would not accomplish its purpose since Sierra could not postpone the construction of a new coal-fired generating

station which is needed to meet the demands for electric power by 1980. This means Sierra would have to expend millions of dollars on scrubbers which two years from now may be determined to have been unnecessary, a needless outlay to burden the consumer.

ASSEMBLY BILL NO. 675 -- SELECT COMMITTEE
ON UTILITIES

April 18, 1975

Referred to Committee on Commerce

SUMMARY--Makes certain changes in air pollution regulations.
Fiscal Note: No. (BDR 40-1866)

Explanation--Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to air pollution; requiring the state environmental commission to revise the state implementation plan; revising the statement of public policy; authorizing control and alternate control methods; and providing other matters properly relating thereto.

The People of the State of Nevada represented in Senate and Assembly, do enact as follows:

Section 1. Chapter 445 of NRS is hereby amended by adding thereto a new section which shall read as follows:

The state environemntal commission shall revise the state implementation plan by establishing ambient air quality standards which are not more stringent than federal ambient air quality standards, and emission standards for both existing and new sources which are not more stringent than the Federal New Source Performance Standards.

Sec. 2. NRS 445.401 is hereby amended to read as follows:

445.401 1. It is the public policy of the State of Nevada and the purpose of NRS 445.401 to 445.601, inclusive, *to protect the quality of the state's air resources by establishing standards of performance for existing and new sources of air pollutants and* to achieve [and maintain levels of air quality which will protect human health and safety,], *attain and maintain national ambient air quality standards so as to promote the public health and welfare,* prevent injury to plant and animal life, prevent damage to property, and preserve visibility and scenic, esthetic and historic values of the state.

2. It is the intent of NRS 445.401 to 445.601, inclusive, to:

(a) Require the use of reasonably available methods *and alternative control methods* to prevent, reduce or control air pollution throughout the State of Nevada [;], *provided such methods and controls are justified on a cost benefit basis;*

(b) Maintain cooperative programs between the state and its local governments; and

(c) Facilitate cooperation across jurisdictional lines in dealing with problems of air pollution not confined within a single jurisdiction.

3. The quality of air is declared to be affected with the public interest, and NRS 445.401 to 445.601, inclusive, are enacted in the exercise of the police power of this state to protect the health, peace, safety and general welfare of its people.

Sec. 3. NRS 445.461 is hereby amended to read as follows:

445.461 The commission [may:] *shall:*

1. Subject to the provisions of NRS 445.466, adopt rules and regulations consistent with the general intent and purposes of NRS 445.401 to 445.601, inclusive, to prevent, abate and control air pollution.

2. Establish *ambient* air quality *and emission* standards [.] *which are not more stringent than federal ambient air quality standards, and emission standards for both existing and new sources which are not more stringent than the Federal New Source Performance Standards.*

3. Require access to records relating to emissions which cause or contribute to air pollution.

4. Cooperate with other governmental agencies, including other states and the Federal Government.

5. Establish such emission control requirements as may be necessary to prevent, abate or control air pollution.

6. Require the registration of air pollution sources together with a description of the processes employed, fuels used, nature of emissions and other information considered necessary to evaluate the pollution potential of a source.

7. Hold hearings for purposes of implementing NRS 445.401 to 445.601, inclusive, except as otherwise provided in such sections.

8. Establish fuel standards for both stationary and mobile sources of air contaminants.

9. Require elimination of devices or practices which cannot be reasonable allowed without generation of undue amounts of air contaminants.

Sec. 4. NRS 445.466 is hereby amended to read as follows:

445.466. In the adoption of rules and regulations pursuant to

[the authority granted in] subsection 1 of NRS 445.461 and for its own procedures and for hearings held before it the commission shall comply with the provisions of chapter 233 B of NRS. In addition, no rule or regulation shall be adopted by the commission without a public hearing having been held thereon. Notice of such public hearing shall be given by at least three publications of a notice in newspapers throughout the state, once a week for 3 weeks, commencing at least 30 days prior to the hearing. The notice shall, among other items, specify with particularity the reason for the proposed rule or regulation and provide other informative details.

Sec. 5. NRS 445.546 is hereby amended to read as follows:

445.546
2. The program shall:

(a) Establish by ordinance or local regulation, *ambient air quality standards which are not more stringent than Federal ambient air quality standards, and emission standards for existing and new sources which are not more stringent than the Federal New Source Performance Standards which are applicable to the entire county; except that in geographically defined local areas within the county where there is a concentrated population of over 100,000 together with industrial activity in the local area, more stringent air quality and emission standards may be established.*

(b) Establish emergency procedures and variance procedures which are not more stringent than those established by statute or state regulation; and

(c) Provide for adequate administration, enforcement financing and staff.

Sec. 6. This act shall become effective upon passage and approval.

Exhibit 1b
11$

Testimony of Gary M. Soule' Regarding the Effects of Present Nevada SO_2 Stack Emission Standards on the Design and Costs of the 500 MW Power Generating Station Now in the Preliminary Design Stages by Sierra Pacific Power Company.

I would like to confine my testimony to the additional costs that we estimate will be incurred by Sierra Pacific if we are required to meet existing SO_2 Stack Emission Standards at the new 500 MW coal-fired power station to be constructed by Sierra Pacific.

The coal-fired station now under preliminary design by Sierra Pacific Power Company is planned to have a 250 MW unit in service by late 1980 with an additional 250 MW unit in service by late 1982, making the total generating capacity of this station 500 MW. At this rating, the station would fall under the requirements of Paragraph 8.2.2.3 of the Nevada SO_2 Stack Emission Standards requiring that the stack emissions be limited to .105 lbs. of sulfur per million BTUs of heat input.

Following is a breakdown of the estimated costs of meeting these existing SO_2 standards at the proposed station.

Installation of SO_2 Scrubbing Systems	$28,000,000
Value of Capital Investment for Power Consumed by Operations of Scrubbers	6,000,000
Total Added Costs for Sierra Pacific Power Company to meet Existing SO_2 Emission Standards	34,000,000
Annual Fixed Charges or Revenue Requirements Due to This Added Cost	3,000,000/yr.

FIGURES FROM = STONE & WEBSTER ENGINEERING CORPORATION

In addition, the cost of operation of the SO_2 scrubbing systems would be at least $3,000,000 per year. This annual operating expense plus the $3,000,000 annual fixed charges due to the added cost result in a total cost of $6,000,000 per year. The above investment and operating costs would probably not be incurred if the SO_2 Emission Standards are modified as recommended, since it is probable that we would be able to obtain a coal supply that would allow us to have stack emissions which would comply with Federal SO_2 Emission Standards for new sources and still not exceed existing ambient Air Quality Regulations.

The economic impact to our customer of the $34,000,000 added investment and $3,000,000 per year annual operating costs which would be required to meet the existing SO_2 emission standards would require an increase in rates of up to 10%. AVERAGE INDIVIDUAL BILL INCREASE would be approx. #26 PER month PER CUSTOMER OR about #2 PER month PER CUSTOMER.

Since this new station is now progressing from the planning stage to the preliminary design stage, we urge adoption of AB 675 in order to incorporate savings in the plant design.

SUMMARY

Mr. Chairman, I have filed a statement in favor of AB 675 and will briefly summarize that statement.

My name is William B. Bendel and I reside at 7 Winch Park Road, Framingham, Massachusetts. I have received a B.S. in Mathematics and an M.S. and Ph.D. in Meteorology, all from the University of Wisconsin. I serve on the American Meteorological Society Committee on Atmospheric Turbulence and Diffusion.

I am Supervisor of the Atmospheric Impact Group at Stone & Webster Engineering Corporation, Boston, Massachusetts. I am responsible for evaluating power plant effluent impact due to a variety of atmospheric conditions and power plant operating situations.

The purpose of this testimony is to describe present air quality at Sierra Pacific's Tracy and Fort Churchill sites; to briefly outline atmospheric modeling work done at the Tracy, Fort Churchill and the proposed 500 MW plant sites; and to show that the new plant, complying with emission rates no more stringent than Federal emission standards, will meet Federal and State ambient air quality standards.

Air quality and meteorological conditions have been monitored at Sierra Pacific's Tracy Power Plant site since April 1973 and at the Fort Churchill site since July 1973. Since the beginning of monitoring at these sites there have been no recorded violations of any Federal or State sulfur dioxide or nitrogen dioxide ambient air quality standards. The short term particulate standard has on a few occasions been exceeded but the cause of the high values is

most likely natural.

Using the weather data gathered at Tracy and Fort Churchill, mathematical modeling was used to estimate potential maximum concentrations of SO_2 that might occur under normal dispersion conditions with highly conservative assumptions such as full oil firing, high sulfur fuel content, and high load conditions.

Results of this modeling presented in Table II of the filed statement show SO_2 concentrations well below all standards.

Finally, an investigation was made of the potential impact of the new proposed 500 MW power plant fired with low sulfur coal which Sierra Pacific plans to locate at an open central Nevada site. A mathematical model was used which is capable of making a reasonable assessment of the expected maximum SO_2 groundlevel concentrations. As seen from the values in Table III of the filed test, these SO_2 concentrations are also well within standards.

Based upon the results of modeling, I have concluded that if AB 675 is adopted and State standards are revised to conform to Federal new source emission standards, Sierra Pacific would be able to operate a 500 MW coal-fired generating station in central Nevada using tall stacks and low sulfur western coal without the installation of wet scrubbers.

TESTIMONY FILED WITH COMMERCE COMMITTEE IN FAVOR OF A.B. 675

My name is William B. Bendel and I reside at 7 Winch Park Road, Framingham, Massachusetts. I have received a B.S. in Mathematics from the University of Wisconsin in 1964, and an M.S. and Ph.D. in Meteorology from the University of Wisconsin in 1967 and 1971, respectively. I serve on the American Meteorological Society Committee on Atmospheric Turbulence and Diffusion.

I am Supervisor of the Atmospheric Impact Group at Stone & Webster Engineering Corporation. I am responsible for evaluating power plant effluent impact due to a variety of atmospheric conditions and power plant operating situations.

The purpose of this testimony is to describe present air quality at Sierra Pacific's Tracy and Fort Churchill sites; to briefly outline atmospheric modeling work done at the Tracy, Fort Churchill and the proposed 500 MW plant sites; and to show that the new plant, complying with emission rates no more stringent than Federal emission standards, will meet Federal and State ambient air quality standards.

Before proceeding with my testimony, I would like to define several terms which I will use so that this testimony will be easier to follow. When I talk about a mathematical model, I am referring to a set of equations which have been found to approximate physical or real events. For example, certain equations that we use estimate how high a plume will rise under certain weather conditions.

The term atmospheric stability refers to the capability of the atmosphere to mix a power plant plume with the surrounding

air. Unstable air has a good mixing potential while stable air has a relatively poor mixing ability. The word effluent refers to stack plume.

Air quality and meteorology have been monitored one mile east of Sierra Pacific's Tracy Generating Station since April 1, 1973, and one-half mile east of its Fort Churchill Generating Station since July 27, 1973. Data on wind speed, wind direction, atmospheric stability, sulfur dioxide concentration, and nitrogen dioxide concentration are continuously recorded. Suspended particulate data are collected on a 24-hour basis. The sites for these monitoring stations were selected by a Stone & Webster meteorologist, and were installed in locations which were anticipated to experience relatively high concentrations of effluents released from the power plants.

Since the beginning of data collection at the Tracy and Fort Churchill monitoring stations, there have been no violations of any Federal or State sulfur dioxide or nitrogen dioxide ambient air quality standards. Maximum recorded SO_2 concentrations have been only about 5-10 percent of the levels allowed, while NO_2 concentrations have been less than 20 percent of the allowable level. The few instances where the 24-hour suspended particulate standard was exceeded are most likely due to natural causes. Table I summarizes the results of the air quality program.

In addition to the monitoring information contained in Table I, a mathematical model utilizing hourly onsite meteorological data was used to predict the maximum 1 hour, 3 hour, 24 hour and annual SO_2 concentrations expected at the Tracy and Fort Churchill plants. The maximum SO_2 concentrations obtained from this model

are presented in Table II and were computed using the conservative assumptions of 1.75% sulfur fuel content, high load conditions and full oil firing. None of these values exceed Federal or State SO_2 ambient air quality standards.

A second mathematical model (called the Dispersion Model) was used to investigate the potential impact of the new proposed 500 MW coal-fired power plant which Sierra Pacific plans to locate in central Nevada. Specifically, this model calculated maximum hourly concentrations of SO_2 at particular downwind distances for a given windspeed and atmospheric stability. Although actual meteorological data were not available, estimates of anticipated weather conditions were used which would tend to produce conservative estimates of contaminant levels. The computed values are presented in Table III for very unstable atmospheric conditions, assuming the effluent is emitted from a 300 or 400 ft. stack. No applicable one hour SO_2 air quality standard exists, however, these values are low enough to insure that the 3 hour, 24 hour and annual Federal and State ambient air quality standards for SO_2 will not be violated.

Both of the mathematical models used assume that the air flow is not impeded by topography; the resulting groundlevel concentration estimates are realistic but conservative for relatively open terrain.

In conclusion, the monitoring program results at Tracy and Fort Churchill sites show low groundlevel contaminant values. The mathematical models used for these analyses have produced realistic values which are felt to be conservative for normal dispersion conditions around the Tracy and Fort Churchill sites,

1c

and the new proposed site.

Based upon the results of modeling, I have concluded that if AB 675 is adopted and State standards are revised to conform to Federal new source emission standards, Sierra Pacific would be able to operate a 500 MW coal-fired generating station in central Nevada using tall stacks and low sulfur western coal without the installation of wet scrubbers.

TABLE I

COMPARISON OF MAXIMUM MEASURED CONCENTRATIONS OF CONTAMINANTS AT TRACY AND FT. CHURCHILL MONITORING STATIONS WITH APPLICABLE FEDERAL AND STATE AMBIENT AIR QUALITY STANDARDS

Time Period	Federal Primary Standard	Federal Secondary Standard	Nevada State Standard	Maximum Concentration at Tracy	Maximum Concentration at Ft. Churchill
SO_2/(a)					
1 hr	-	-	-	0.096 (12/10/73)*	0.047 ppm (1/5/74)
3 hr	-	0.5 ppm	0.5 ppm	0.058 ppm (1/11/74)	0.029 ppm (1/5/74)
24 hr	0.14 ppm	-	0.1 ppm	0.011 ppm (1/11/74)	0.013 ppm (1/5/74)
Annual	0.03 ppm	-	0.02 ppm	0.001 ppm (highest 12 consec. mos. 9/73-8/74)	0.002 ppm (11/73-8/74)
Particulates/(b)					
24 hr	260 ug/m^3	150 ug/m^3	150 ug/m^3	261.0 ug/m^3 (11/21/74)	295.8 ug/m^3 (2/28/74)
Annual	75 ug/m^3	60 ug/m^3	60 ug/m^3	41.8 ug/m^3 (highest 12 consec. mos. 3/73-2/74)	26.84 ug/m^3 (highest 12 consec. mos. 12/73-12/74 exclu. 1/74)
NO_2/(c)					
1 hr	-	-	-	0.082 ppm (4/7/74)	0.135 ppm (7/4/74)
24 hr	-	-	-	0.038 ppm (3/5/74)	0.038 ppm (6/19/74)
Annual	0.05 ppm	0.05 ppm	0.05 ppm	0.009 ppm (highest 12 consec. mos. 9/73-8/74)	0.004 ppm (11/73-8/74)

(a) SO_2 concentrations reflect data through 8/31/74.
(b) Particulate concentrations reflect data through 12/31/74.
(c) NO_2 concentrations reflect data through 8/31/74.

*Date of occurrence.

1149

2c

TABLE II

ESTIMATED CONCENTRATIONS OF SO_2 AT TRACY AND FORT CHURCHILL POWER STATIONS - 1.75% SULFUR FUEL OIL

TIME PERIOD	NEVADA STANDARD (ug/m^3)	Maximum Predicted Concentration TRACY* (ug/m^3)	Maximum Predicted Concentration FT. CHURCHILL* (ug/m^3)
3 hour	1300	633	606
24 hour	260	155	125
Annual	60	21	13

* High Projected Load and Full Oil Firing

TABLE III

MAXIMUM PREDICTED ONE-HOUR CONCENTRATIONS OF SO_2

NEW PROPOSED COAL FIRED STATION*

STACK HEIGHT	STABILITY CATEGORY	WIND SPEED (miles per hour)	MAXIMUM HOURLY CONCENTRATION (ppm)
300 ft.	Very Unstable	15-17	0.18
400 ft.	Very Unstable	12.5	0.14
300 ft.	Moderately Unstable	20-23	0.09
400 ft.	Moderately Unstable	20	0.06

* Assuming Western Low Sulfur Coal with Emission Rate of SO_2 Equivalent to 0.6 Pounds of Sulfur Per Million BTU of Heat Input.

(Unstable conditions will produce the maximum SO_2 groundlevel concentrations.)

1124

7c

My name is Joseph J. Cramer and I reside at 60 Dinsmore Avenue, Framingham, Massachusetts. I received my B. S. (1966) and Ph. D. (1971) Degrees from the University of Pennsylvania and an M. S. Degree from the Massachusetts Institute of Technology (1968). My degrees were in chemical engineering but my graduate school and professional experience have concentrated on environmental studies. I have also published a number of technical papers on environmental subjects.

I am employed by Stone & Webster Engineering Corporation and have functioned as the lead air quality engineer for Sierra Pacific work since early in 1972. In this capacity I have become thoroughly familiar with all aspects of emissions from Sierra Pacific's Tracy and Fort Churchill Generating Stations, and I have had overall responsibility for the air quality studies performed for Sierra Pacific during this period.

The purpose of my testimony today is to describe some of the background associated with the development of the Federal and Nevada air quality regulations and to describe just what these standards are and the impact which they have on Sierra Pacific Power Company.

Ambient air quality standards were established by the Federal Environmental Protection Agency in April 1971 for sulfur dioxide, particulates, nitrogen oxides, hydrocarbons, carbon monoxide, and oxidants. Both "primary" and "secondary" standards were established on the basis of criteria documents prepared by the Federal government with input from numerous scientific agencies and advisory bodies. Primary standards were defined as those required to ensure the protection of the public health while secondary standards

were defined as those required to ensure protection against all other known harms to the public welfare. These ambient standards do not apply to individual sources but limit the allowable ground-level concentrations of specific contaminants which can exist for various periods of time in areas accessible to the public. These standards govern the quality of the air we breathe.

In addition, the EPA also promulgated in December 1971 New Source Performance Standards for new steam electric generating plants. These Federal Performance Standards placed specific limits on sulfur dioxide, nitrogen dioxide, and suspended particulate stack emissions from all new fossil fueled power plants. These emission standards were felt to reflect the best available control technology as well as the degree of control generally necessary on new plants to maintain ambient (groundlevel) standards once they had been universally achieved. These performance standards unlike ambient standards limit the actual amount of a contaminant emitted from tall stacks.

The establishment of the ambient air quality standards and new source performance standards were a direct result of the 1970 Amendments to the Federal Clean Air Act. Also as a result of these amendments all states, including Nevada, were required to prepare State Implementation Plans for the achievement and maintenance of the Federal Ambient Air Quality Standards. The Nevada Plan was submitted in May 1972 and included both ambient air quality standards for SO_2, NO_2, and suspended particulates as well as power plant emission standards for SO_2 and particulates. The ambient air quality standards adopted for SO_2 were equivalent to the Federal secondary standards in effect at that time (which are

more stringent than the primary standards), but the emission standard for sulfur dioxide was far more stringent than the Federal Performance Standards. The limit on sulfur dioxide emissions allowed only about one fourth as much SO_2 to be emitted on a comparable heat input basis for oil fired plants, and one sixth as much SO_2 for coal fired plants as did the Federal Performance Standards for new fossil fueled plants. Unlike the Federal Performance Standards and many other state emission standards, Nevada also applied these same stringent standards to both new and existing power plants.

Unfortunately due to the legal deadlines established by the Clean Air Act, these standards had to be established without the benefit of sufficient ambient air quality monitoring data or the application of advanced dispersion modeling techniques nor did the standards, in my opinion, really reflect the current availability, proven reliability, and economic feasibility of various compliance options such as low sulfur fuel or flue gas desulfurization processes.

Our client, Sierra Pacific Power Company, recognizing some of these problems and anticipating possible difficulties with future supplies of natural gas, engaged Stone & Webster Engineering Corporation to examine the problem and options in more detail. Partially as a result of these studies, and after numerous hearings and meetings with State and Federal officials, the Nevada sulfur dioxide emission standards for power plants were revised to the present levels in June of 1974. These proceedings and the arguments advanced by both Sierra Pacific Power Company and Stone & Webster Engineering Corporation are well documented in the transcripts of public hearings held by the Nevada Environmental

Protection Commission in August 1973 and June 1974.

However, the Commission did not accept all the revisions originally proposed by the air quality staff of the Bureau of Environmental Health nor did they correct several other deficiencies in the emission standards. For example, the new revised standards for SO_2 emissions are still applicable to both existing and new plants and are numerically identical for both coal and oil fired stations unlike the Federal Performance Standards. The result is that the emission standard (0.4 lbs. of sulfur per million BTU) when applied to oil fired stations is equivalent to the Federal Standards, but when applied to coal fired stations is more stringent (Federal standard is 0.6 lbs. of sulfur per million BTU). The Federal Performance Standards established different emission rates for coal than oil because of (1) differences in the availability of low sulfur fuels, (2) differences in the degree of control available and (3) differences in the heat content of the two fuels. The lower heat content of coal requires a lower sulfur content to achieve any given standard. The difference in the Nevada and Federal emission standards may seem insignificent to some, but in all probability the present Nevada emission standard would make it impossible to use low sulfur western coal without the installation of costly and unnecessary wet scrubbers.

The existing Nevada emission standards are also applied, in an unprecedented manner, to entire generating stations rather than individual boiler units. An additional section of the regulations states that an even more stringent standard applies for stations with heat inputs of more than 5 billion BTU per hour (approximately 400-500 MW generating station). In practical terms, this will

require that smaller individual units either have very elaborate and expensive flue gas desulfurization systems installed initially or later be retrofitted at even greater costs if the capacity of the station is later increased. In our opinion, these expensive installations are entirely unnecessary and are counter to the Federal Government's expressed desire to encourage the full development and utilization of our enormous supplies of clean low-sulfur western coals.

As discussed by Dr. William B. Bendel, the results of our ambient monitoring and dispersion modeling work have clearly demonstrated that compliance with all Federal ambient air quality standards and the more stringent Nevada air quality standards (The Federal 24-hour and annual secondary standards were withdrawn in 1973 by the EPA due to the lack of firm scientific evidence) can be achieved at Sierra Pacific's existing plants with the use of a much higher sulfur content oil than is presently allowed. Preliminary modeling has also shown that the groundlevel concentrations of SO_2 resulting from full operation of the proposed new Sierra Pacific station with an emission rate of SO_2 equivalent to the Federal new source standard for coal would be well below all applicable ambient standards. The proposed power plant will, of course, also comply with the Federal Performance Standards for suspended particulates, nitrogen oxides, and plume visibility and will therefore assure maintenance of the nitrogen dioxide and suspended particulate ambient standards.

The EPA has recently stated in a number of policy statements, documents, and Federal Register statements that they feel that many states initially established emission standards that were

more stringent than necessary to achieve and maintain the ambient air quality standards. It is their expressed intention to encourage many of these states to review and possibly make their emission standards less restrictive. A number of states have already revised their standards or are currently in the process of review and modification.

One example which we are familiar with is Massachusetts. In a recent draft environmental impact statement (Feb. 1975), and at a recent public hearing (March 1975), the Department of Public Health concluded that the existing emission standards in the Metropolitan Boston Air Pollution Control District could be relaxed to allow the use of up to 2.2 percent sulfur oil. (For the two largest sources, each a generating plant of more than 1000 MW, the allowable sulfur content would be increased from 0.5 percent to 1.0 percent sulfur.) Their studies which include both monitoring and modeling indicated that the revised emission standards would allow for maintenance of the ambient standards with an expected annual savings of $43,000,000 to the 102 affected communities.

With the affirmation of the adequacy of the Federal ambient air quality standards by the National Academy of Science in September 1974, and the lack of any conclusive data associating adverse effects with air quality levels below ambient air quality standards, Massachusetts' Department of Public Health concluded that the more stringent emission standards initially adopted could not be justified.

In my opinion these conclusions are also valid and applicable in the State of Nevada. Amendment of the Nevada sulfur dioxide emission standards for new coal-fired generating units to a level

equivalent to the Federal New Service Performance Standard would not endanger the maintenance of the ambient air quality standards for sulfur dioxide. Nor would the modification significantly degrade the existing clean air. The only noticeable effect of this change would be the substantial savings in the cost of electricity to the consumer.

Exhibit B

1129

STATEMENT

by

CHARLIE F. VAUGHN

NEVADA POWER COMPANY

before

ASSEMBLY COMMERCE COMMITTEE

Carson City, Nevada
April 30, 1975

My name is Charlie Vaughn. I am Chief Mechanical Engineer for Nevada Power Company. We appreciate the opportunity to appear before this Committee.

At the outset, I wish to state the utility company's interest in the subject of environmental laws.

Clearly, it is not for Nevada Power or any utility company to presume to determine its community's environmental standards. But it is equally clear we have a responsibility to let those who determine these standards know what the cost will be. As will be shown, the projected capital cost for environmental control equipment to meet Clark County Standards (as opposed to meeting Federal EPA Standards) will be a minimum of $282 million. Of this portion, Nevada Power's share will amount to $60 million. In addition, annual costs will amount to some $19 million. I will detail these figures in a moment.

The question comes down to whether or not this premium is worth it. We are here to provide the information we have to help you arrive at an answer.

NEVADA POWER COMPANY
FOURTH STREET AND STEWART AVENUE
P.O. BOX 230 • LAS VEGAS, NEVADA • 89151

April 22, 1975

COMPARATIVE AIR POLLUTION CONTROL COSTS

(CLARK COUNTY VS. EPA STANDARDS)

GENERATING STATION	AIR POLLUTION CONTROL COSTS*			
	Capital Investment		Annual Cost [o]	
	C. C.	E. P. A.	C. C.	E. P. A.
Mohave 14%	$15,092,000	$ 500,000	$ 6,230,000	$ 100,000
Warner Valley 25%	20,200,000	12,485,000	6,299,000	4,091,000
Harry Allen 30%	96,960,000	59,928,000	30,235,000	19,636,000

* Costs shown are Nevada Power Company portions only of total costs of these co-owned plants.

o Includes fixed charges, materials, labor.

NEVADA POWER COMPANY

Estimated increase in monthly residential electric bill due to air pollution control facilities installed by Nevada Power Company to comply with Clark County regulations instead of Federal regulations.

Average residential use	1500 KWH
Average residential bill	$25.82
Increase due to:	
Reid Gardner Units 1 & 2	$1.09
Reid Gardner Unit No. 3	.71
Mohave	1.92
Warner Valley	.58
Allen	2.33
Total Increase	$6.63
Percent Increase	26%

NEVADA POWER COMPANY

REID GARDNER UNIT NO. 3

Estimated additional annual cost to Nevada Power Company customers for air pollution control facilities installed at Reid Gardner Unit No. 3 to comply with Clark County regulations instead of Federal regulations.

Estimated additional annual cost	$2,198,000
Estimated sales in 1976	4,676,000,000 KWH
Unit cost	$.00047 / KWH

(1) Type of Customer	(2) Estimated Number of Customers	(3) Avg. Annual Use in KWH per Customer	(4) Total KWH (Col. 2 x Col. 3)	(5) Annual Cost per Customer (Col. 3 x Rate)	(6) Increase Total (Col. 4 x Rate)
Residential	109,721	18,232	2,000,433,272	$ 9	$ 940,204
Commercial	14,835	110,344	1,636,953,240	52	769,368
Industrial	23	30,821,061	708,884,403	14,486	333,176
Public St. & Hwy. Lighting	4	9,420,108	37,680,432	4,427	17,710
Other Sales to Public Authorities	6	24,935,035	149,610,210	11,719	70,317
Sub-totals	124,589		4,533,561,557		$ 2,130,775
Sales to Other Elec. Utilities	4	33,353,478	133,413,912	15,676	62,705
TOTALS	124,593		4,666,975,469		$ 2,193,480

NEVADA POWER COMPANY

MOHAVE STATION

Estimated additional annual cost to Nevada Power Company customers for air pollution control facilities installed at Mohave Station to comply with Clark County regulations instead of Federal regulations.

Estimated additional annual cost	$6,220,000
Estimated sales in 1977	4,959,000,000 KWH
Unit cost	$.000126/KWH

(1) Type of Customer	(2) Estimated Number of Customers	(3) Avg. Annual Use in KWH per Customer	(4) Total KWH (Col 2 x Col. 3)	(5) Annual Cost per Customer (Col. 3 x Rate)	(6) Increase Total (Col. 4 x Rate)
Residential	116,304	18,232	2,120,454,528	$ 23	$2,671,773
Commercial	15,725	110,344	1,735,159,400	139	2,186,301
Industrial	24	30,821,061	739,705,464	38,835	932,029
Public St. & Hwy. Lighting	5	9,420,108	47,100,540	11,869	59,347
Other Sales to Public Authorities.	6	24,935,035	149,610,210	31,418	188,509
Sales to Other Elec. Utilities	5	33,353,478	166,767,390	42,025	210,127
TOTALS	132,069		4,958,797,532		$6,284,086

NEVADA POWER COMPANY

WARNER VALLEY STATION

Estimated additional annual cost to Nevada Power Company customers for air pollution control facilities installed at Warner Valley Station to comply with Clark County regulations instead of Federal regulations.

Estimated additional annual cost	$2,208,000
Estimated sales in 1980	5,920,000,000 KWH
Unit Cost	$.00037/KWH

(1) Type of Customer	(2) Estimated Number of Customers	(3) Avg. Annual Use in KWH per Customer	(4) Total KWH (Col 2 x Col. 3)	(5) Annual Cost per Customer (Col. 3 x Rate)	(6) Increase Total (Col. 4 x Rate)
Residential	138,520	18,232	2,525,496,640	$ 7	$ 934,439
Commercial	18,729	110,344	2,066,632,776	41	764,654
Industrial	28	30,821,061	862,989,708	11,404	319,306
Public St. & Hwy. Lighting	6	9,420,108	56,520,648	3,485	20,913
Other Sales to Public Authorities	7	24,935,035	174,545,245	9,226	64,582
Sales to Other Elec. Utilities	7	33,353,478	233,474,346	12,341	86,386
TOTALS	157,297		5,919,659,363		$2,190,275

NEVADA POWER COMPANY

ALLEN STATION

Estimated additional annual cost to Nevada Power Company customers for air pollution control facilities installed at Allen Station to comply with Clark County regulations instead of Federal regulations.

Estimated additional annual cost	$10,599,000
Estimated sales in 1983	6,985,000,000 KWH
Unit cost	$.00152/ KWH

(1) Type of Customer	(2) Estimated Number of Customer	(3) Avg. Annual Use in KWH per Customer	(4) Total KWH (Col. 2 x Col. 3)	(5) Annual Cost per Customer (Col. 3 x Rate)	(6) Increase Total (Col. 4 x Rate)
Residential	164,980	18,232	3,007,915,360	$ 28	$ 4,572,031
Commercial	22,307	110,344	2,461,443,608	168	3,741,394
Industrial	33	30,821,061	1,017,095,013	46,848	1,545,984
Public St. & Hwy. Lighting	7	9,420,108	65,940,756	14,319	100,230
Other Sales to Public Authorities	8	24,935,035	199,480,280	37,901	303,210
Sub-totals	187,335		6,751,875,017		$10,262,849
Sales to Other Elec. Utilities	7	33,353,478	233,474,346	50,697	354,881
TOTALS	187,342		6,985,349,363		$10,617,730

EXHIBIT C

TESTIMONY W. H. WINN
A. B. 675
COMMITTEE ON COMMERCE
APRIL 30, 1975

MY NAME IS W. H. WINN. I RESIDE IN MCGILL, NEVADA, AND I WISH TO SPEAK AS GENERAL MANAGER OF THE NEVADA MINES DIVISION OF KENNECOTT COPPER CORPORATION IN MCGILL, NEVADA.

I AM IN FAVOR OF PASSAGE OF A.B. 675, WHICH AMENDS NRS 445.400 AND WISH TO SPEAK BRIEFLY TO THAT END. BEFORE NRS 445 BECAME A LAW, I HAD OCCASION TO TESTIFY BEFORE AN ENVIRONMENTAL COMMITTEE GIVING CONSIDERATION TO AN AIR POLLUTION CONTROL LAW FOR NEVADA. IN SUMMARY, I SAID, "NEVADA MUST ESTABLISH AND ENFORCE WHATEVER LAWS AND REGULATIONS ARE NECESSARY TO PROTECT AND ENHANCE THE AIR QUALITY OF NEVADA. HOWEVER, WE SHOULD DO JUST THAT AND ONLY THAT. NEVADA CANNOT JUSTIFY, NOR AFFORD, THE LUXURY OF OVERKILL IN THE AREA OF ENVIRONMENTAL CONTROLS OF ANY KIND AND SHOULD ALWAYS JUSTIFY CONTROLS ABOVE THOSE NECESSARY TO PROTECT HEALTH AND WELFARE ON A COST-BENEFIT BASIS. AFTER PROBLEMS OF ENVIRONMENTAL CONTROLS ARE SOLVED AND FORGOTTEN WE WILL STILL HAVE, IN NEVADA, PROBLEMS RELATIVE TO RAISING THE FUNDS NECESSARY TO PROTECT OUR STANDARD OF LIVING."

WE DID BUILD SOME OVERKILL INTO OUR NEVADA AIR POLLUTION LAWS AND REGULATIONS, AND THE AMENDMENTS UNDER CONSIDERATION WILL HELP CORRECT THESE PROBLEMS.

AS TIME HAS PASSED, IT BECOMES ALWAYS CLEARER THAT EACH STATE MUST BOW TO THE FEDERAL CLEAN AIR ACT IN TWO SPECIFIC AREAS. TO CONTROL POLLUTION FROM EXISTING SOURCES THE FEDERALLY ESTABLISHED AMBIENT AIR QUALITY STANDARDS MUST BE MET. TO CONTROL POLLUTION FROM NEW SOURCES THE AMBIENT STANDARDS AND THE FEDERAL NEW SOURCES STANDARDS MUST BE MET. ANY STATE ASSUMES A RISKY COURSE INDEED WHO ARBITRARILY ATTEMPTS TO IMPROVE ON THESE REQUIREMENTS WITHOUT THE COST-BENEFIT CONSIDERATION BEING APPLIED. TO DO SO HAS, AND WILL AGAIN, CAUSE ECONOMIC DISASTER IN MANY LOCAL AREAS.

IT IS MY UNDERSTANDING THAT OPPONENTS OF THESE AMENDMENTS HAVE SUGGESTED THAT THEY WOULD TEND TO WORK A HARDSHIP ON THE RURAL COUNTIES; THAT A LARGE POLLUTER, SUCH AS A LARGE POWER PLANT, COULD USE UP ALL OF THE POLLUTANT DISPERSION ROOM IN THE AMBIENT AIR. SUCH WOULD BLOCK FURTHER INDUSTRIAL GROWTH IN THOSE COUNTIES.

THERE ARE SEVERAL REASONS WHY SUCH WOULD NOT BE THE CASE.

1. THE FEDERAL NEW SOURCE STANDARDS ARE, AND WILL BE, SO STRINGENT THAT IT WOULD BE ALMOST IMPOSSIBLE FOR A SINGLE POLLUTER TO HAVE A TREMENDOUS EFFECT ON THE AMBIENT CONCENTRATIONS AND USE UP ALL SAFE DISPERSION CAPACITY OF THE ATMOSPHERE.

2. THE ENVIRONMENTAL COMMISSION WILL BE REQUIRED TO GIVE EACH CASE A COST-BENEFIT STUDY, AND SHOULD CONSIDER THE SAVING OF THE LAST PORTIONS OF THE DISPERSION CAPACITY AS A BENEFIT AND, IN FACT, WOULD ALMOST BE REQUIRED TO DO SO.

3. TO FACE THE ISSUE HONESTLY AND SQUARELY, THE "BIRD IN THE HAND" APPROACH WOULD BE PREFERRED BY MOST RURAL COUNTIES AS THEY CONSIDER INDUSTRIAL GROWTH POSSIBILITIES. MOST OF THEM ARE DESPERATELY IN NEED OF TAX BASE.

IT IS AGAIN MY UNDERSTANDING THAT THE PRESENTLY CONSIDERED AMENDMENTS WERE GENERATED BY THE SELECT COMMITTEE ON UTILITIES AS THEY SOUGHT WAYS TO PUT MORE TIME BETWEEN REQUESTS FOR POWER RATE INCREASES. THE UTILITY COMPANIES ARE ONLY A PORTION OF THOSE WHO WILL BE AFFECTED. THE AMENDMENTS NEED TO BE PASSED FOR EVERYONE'S BENEFIT.

I SUGGEST TO YOU THAT THE NAME OF THE GAME IS REALLY QUALITY OF LIFE. PEOPLE WHO ARE AFFLUENT TEND TO CONSIDER SUCH THINGS AS ENVIRONMENTAL QUALITY WHEN THEY JUDGE THE QUALITY OF LIFE. POORER PEOPLE GENERALLY GIVE MORE CONSIDERATION TO THE AVAILABILITY OF FUEL, FOOD, AND SHELTER. YOU LADIES AND GENTLEMEN WON'T BE ABLE TO SATISFY EVERYONE, BUT HOPEFULLY YOU CAN FIND A MIDDLE GROUND.

AGAIN, I URGE APPROVAL OF THE PROPOSED AMENDMENTS TO NRS 445.400.

EXHIBIT D

STATEMENT OF THE LEAGUE OF WOMEN VOTERS OF LASVEGAS VALLEY
BY
DAISY J. TALVITIE
RE

A.B. 675 ~~[illegible]~~

A.B. 675 can only be described as a bill that, upon passage, could create such serious far reaching effects for this State that it is difficult to understand how it could have been proposed. Section 1 calls for revision of the State Implementation Plan which includes control strategy for all sources of air pollution in this State. This revision is a major project which would be so expensive that the League of Women Voters suggests the attachment of a fiscal note. The original State Implementation Plan was paid for largely by E.P.A. through a contract with consultq nts who worked for many months with our State and local agencies. Aince the guidelines established in A.B. 675 as the basis for the rewrite do not meet requirements of federal law and the newly written SIP could not possibly receive federal approval, we certainly could not expect federal financial assistance for this sweeping revision. This major expenses hardly seems justified when the purpose of the Special Utility Committee seems to be to ask for a review of regulations specifically related to fossil fuel fired electric generating plants.

In addiation, there are serious side effects to thisbill that could have major impacts on Nevada's economy. The requirement that emission standards Bor all sources be based on federal new source performance standards is a dangerous one. While these standards are minimum standards for new sources to be followed nationwide, their application to existing sources could, in some instances, result in very real hardship on some Nevada industries. At Gabbs, it might mean plant closure. For Kennecott, it means imposing a more stringent opacity standard than presently found in our State regulations. In other instandes, using new spurce performance standards could mean no controls at all since these federal standards have only been established for a limited list of industrial processes. In Clark County, very few of our sources are on that list and we would have no emission standards at all for

the plants at Henderson. This would leave us in the positionof having tea to use air quality standards as the enforcement tool--and that really creates a problem. In the Las Vegas Valley area of Clark County where air quality standards are already being violated and with no emission standards to attack the problem, the only recourse would seem to be to adopt a ~~policy~~ stringent no-growth policy--no more industry, no more construction activities, no more people--not a very palatable idea. In the clean air areas of our State, limiting control measures to meeting federal ambient air quality standards would amount to a license to pollute. It would allow the first industry moving into the area to pollute up to the maximum level. Thereafter, no other air pollution source could be allowed in that area. The only alternative to this would be that each time a new source wanted to come in, it would be necessary to require the first industry to remodel its plant installing more pollution control equipment. This constant remodeling results in higher cost to the industry and the consumer. Do we really want to give a license to pollute? Do we really want to see the air at Lake Tahoe to become as polluted as Reno? Do we really want to see the Lake Mead Recreational Area, Red Rock Canyon, or the Valley of Fire almost as polluted as Las Vegas and Henderson?

Section 2, lines 13 through 15 have serious implications in terms of State policy. The change here from protecting health to promoting health really needs close examination. According to Webster's dictionary, the word <u>protect</u> means to shield from injury, danger, or loss--to guard--to defend. The definition of <u>promote</u> means to work for and siir up interest in accomplishing something. Do we really want to set a State policy that in terms of human health, allwe want to do is stir up interest in accomplishing it? I hardly think so.

Section 2, page 1, lines 19 and 20. The ~~line~~proposed added language "and alternative control methods" has no justification since reasonably available methods includes all alternative methods. Inserting this new language seems to be saying that if no reasonable method is available, then we are expected to use an <u>unreasonable</u> method as the alternative. But then in lines 21 and 22, we find that such methods and controls must be justified on a cost-benefit basis. What is

meant by cost-benefit? Cost-benefit to whom? It's easy to establish cost of installation of control equipment. It's not so easy to establish benefits in financial terms. HOw does one establish financial wobth of a person's health? Of a human life? For example, how do we establish a price on the health of the young girl who became so ill as a result of dust pollution that the family had to send their daughter to California to live with realtives until the source of the dust was corrected. That case came after the the adoption of a regulation when a local contractor refused to abide by ~~them~~ it until hewas given a stiff penalty by the hearing board. But at the time of the adoption of the regulation, the source didn't exist and we didn't know the girl would be made ill. Again, cost benefit to whom? And who is to pay for the cost-benefit analysis required? The state? The local government? Again, we had better attach a fiscal note to cover this requirement.

The League can only recommend a vote to "Do Kill" A.B. 675. We can see no possible way it could be amended into a workable bill--so let us address ourselves to the real problem before this committee--what to do about air pollution as it relates to fossil fuel fired electric generating plants--and then a possible amendment to A.B. 708 which we believe to be a workable solution and which the League could endorse.

STATEMENT OF DICK SERDOZ
Before the
ASSEMBLY COMMERCE COMMITTEE
April 23, 1975

I am opposed to the passage of A.B. 675. I am here today to explain the technical problems and cost that will result if this bill is enacted.

To start, there is no fiscal note attached and yet there are many legislated mandates all of which will require considerable staff manpower, additional equipment, and services, both in the Environmental Commission and the Department of Human Resources.

Section 1 and 2 of the bill legislates the Commission to establish primary and secondary ambient air quality standards yet there were no special funds for the verification of such standards, nor funds for the specific equipment mandated by Federal regulation to measure all of the concentrations at the projected points of highest concentration. The Commission is further required to establish emission discharge standards which are equivelant to the emission discharge standards as outlined in the Federal new source performance standards. These discharge standards would effectively close Kennecott, Nevada Cement, all portable asphalt plants, and the acid plant at Anaconda and other existing mining operations. These mandated emission standards are, I assume, for both existing plants and new plants. There will be a need for extensive research in the field of compliance verification on existing plants within the State to determine if they do meet the Federal New Source Performance Standards. It will further prohibit continued growth because of the Federal non-degradation policy which only allows a new source or modification of an existing source to enter an area that will not degrade more than 10% of the National Ambient Air Quality Standard. The cost of implementing Section 1 would exceed the proposed budget for the Air Quality Section in the Department of Human Resources. It could possibly be done with an additional six staff members and $250,000 in ambient air monitoring equipment.

E
1145

Section 3 of the bill as amended will require the Commission to establish fuel standards. The cost of a laboratory to establish and test for such standards would be prohibitive. This type of laboratory, plus staff and maintenance, to develop and enforce the fuel standards as mandated by this Section would be in excess of $100,000.

Now that we have established that a fiscal note was required, I would like to review with you each section as to the compliance with the Federal Clean Air Act which was adopted in 1967 and amended in 1970, 1973, and 1974.

Section 1 of the bill is mandating the Commission to revise the State Implementation Plan and to establish both primary and secondary ambient air quality standards. The Clean Air Act required the establishment of the primary and secondary standards in 1971. Those standards were established by the Federal Government for all sections of the United States. The Federal Clean Air Act also mandated these ambient air quality standards to be attained by 1975, but with justification could be delayed until 1977 . It seems unrealistic now, midway through 1975 to start a program to establish a standard that is already mandated to be attained. This Section goes further in requiring this State to relax emission discharge standards or develop standards for other sources where only the Federal primary and secondary standards of ambient air quality will be attained. This is an impossible task. Today using this criteria, no new source of particulate (dust) could be approved in Clark County, Washoe County, or Churchill County because the Federal ambient air quality standard is currently being violated and is projected to be violated for a number of years in the future. It appears this Section is mixing apples with oranges.

Section 2 of the bill attempts to establish emission standards for the attainment and maintenance of National Air Quality Standards. These national standards were not designed to "preserve visible, scenic, aesthetic, and historic values of the State" which is also part of NRS 445.401. There appears to be a conflict of interest within this statute. Also contained in this Section, is a moritorium to provide relief based on "cost benefit", but the Federal Act mandates the "health-related" ambient air

1146 E

quality standard must be attained regardless of cost. That portion of the Federal Law would be or could be enforced by the Federal Agency.

In Section 3 of the bill it is mandating that the Commission shall adopt regulations both for discharges and ambient air qulaity, but it is tying the Commission's hands and requiring their adopting both discharge standards and ambient air quality standards which are the same as the Federal Government. Without consideration of other items in NRS 445.401. The relationship which the bill is mandating for emission standards and ambient air standard fluctuates with physical location both in this State and when they were adopted by the Federal Agency in the United States. The emission standards established as new source performance standards were based on the available control technology for the various raw materials that do significantly change in different geological areas and does not relate to ambient air standards. This Section also required the Commission to establish fuel standards for stationary and mobile sources. This requirement is the major undertaking and may preempt the Federal authority contained in the Federal Clean Air Act. The Commission is mandated now to establish emission control requirements as may be necessary to prevent, abate, or control air pollution and it appears that this section is self-contradictory.

And, last in Section 4, I do not understand why the bill is deleting the Commission's authority to adopt rules and regulations.

STATEMENT OF DICK SERDOZ
Before the
COMMITTEE TO STUDY THE UTILITIES
March 25, 1975

Existing Nevada Law

Chapter 361 allows a property tax exemption for all property used to control air and water pollution.

1. This law does not require the county, State or federal environmental agency to certify that the property is necessary or that it does control to required extent.

2. Some Nevada industries have requested such exemptions (Sierra Pacific, Eagle-Picher).

Chapter 244 allows for county economic development revenue bonds.

1. This law also does not require the county, State or federal environmental agency to certify that the equipment is necessary.

2. White Pine County is working in this area with Kennecott Copper.

3. Clark County is also working with its industries.

Federal Law

Title 26 had allowed a 60-month amortization of treatment facilities.

1. Eagle-Picher Industries has received State and federal certification.

Sulfur Emissions Controls Alternative and Cost

A. Fuel switching (low-sulfur fuels).

B. Stack gas removal.

A. Fuel switching.

   1. Does not require new technology.

   2. Yearly extra cost $300/megawatt or $1.50 per person (based on Systematic Study of Air Pollution From Intermediate-Size Fossil-Fuel Combustion Equipment).

   3. Some problems with maintaining supply.

B. Stack gas removal (the cost estimates were calculated from an EPA socioeconomic environmental study series published in 1974).

1. Dry limestone adsorption - 30% to 50% removal.

   a. $350/megawatt or $1.75/household/year, coal installation and operation. $530/megawatt or $2.65/household/year, oil.

   b. Operating problems.

      (i) Limestone not utilized efficiently.
      (ii) Collected sulfur re-released.
      (iii) Added particulate burden.

2. Wet limestone scrubbing 85% removal.

   a. Capital investment and operation.

      (i) Small power plants, Sierra Pacific -, $32 to $116/household/year.
      (ii) Medium power plants - $26 to $94/household/year.
      (iii) Large power plants, Mojave - $22 to $78/household/year.

   b. These costs could be reduced through county bonding and tax relief.

   c. The major problem is the exit gas temperature is lowered and can cause high ground level concentrations.

3. Magnesia base scrubbing. 90% removal.

   a. Cost is approximately the same as limestone.

   b. This is not as stable as limestone and is generally used for producing a marketable byproduct.

4. Citrate process. 90% removal.

   a. Installation approximately $39/kilowatt or $4.3 million for each of the Sierra Pacific Power generators or a total of $195/household. This could be spread over a 5 to 10 year period.

   b. Operation $23/household/year.

   c. This technology may not be available until 1978.

5. Double alkaline. 90% removal.

    a. Installation approximately $24/kilowatt or $120/household.

    b. Operating cost $21/household/year.

    c. This technology may not be available until 1978.

Summary

The controls vary from a low of $1.50/household/year for fuel switching to a maximum of $116/household/year on a small power plant. However, the State regulations were amended to enable the small power plant to use the minimum of controls and still meet the health related ambient air standards.

I have reviewed an existing power plant (Sierra Pacific, Fort Churchill). The operation of one unit with the related State standards indicates that the ambient air standards will not be violated; operating two units indicates the ambient air standard could be approached; and operation of three units the possibility of violation of the standard at least once per year is good. Operating four units, additional control will be necessary.

gm

ONE OIL FIRED POWER PLANT WITH THE RELAXED STATE EMISSION STANDARDS

1150

ENERG #2
ANALYSIS OF CONCENTRATION AS A FUNCTION OF STABILITY AND WIND SPEED.
1971 VERSION, D. B. TURNER.

EMISSION RATE (G/SEC) = 107.94
PHYSICAL STACK HEIGHT (M) = 49.37
STACK GAS TEMP (DEG K) = 409.00
AMBIENT AIR TEMPERATURE (DEG K) = 293.
VOLUME FLOW (CU M/SEC) = 107.90

3 HR STANDARD 130.0E-5
24 HR STANDARD 26.0E-05
or
3 HR STANDARD 13.0E-04
24 HR STANDARD 2.6E-04

110 MW Power Plant

STABILITY	WIND SPEED (M/SEC)	MAX CONC (G/CU M)	DIST OF MAX (KM)	PLUME HEIGHT (M)
1	.5	1.0979E-04	1.484	1243.1(2)
1	.8	1.2910E-04	1.201	795.5(2)
1	1.0	1.3862E-04	1.038	646.2(2)
1	1.5	1.5560E-04	.915	447.3(2)
1	2.0	1.6670E-04	.812	347.8(2)
1	2.5	1.7412E-04	.743	288.1(2)
1	3.0 — 6.6 mph	1.7914E-04	.692 ≈ ½ mile	248.3(2)
2	.5	3.4948E-05	7.032	1243.1(2
2	.8	4.8747E-05	4.673	795.5(2)
2	1.0	5.6700E-05	3.863	646.2(2)
2	1.5	7.3392E-05	2.759	447.3(2)
2	2.0	8.6727E-05	2.193	347.8(2)
2	2.5	9.7517E-05	1.847	288.1(2)
2	3.0	1.0637E-04	1.612	248.3(2)
2	4.0 8.8 mph	1.1964E-04	1.314 ≈ .8 mile	198.6
2	5.0	1.2863E-04	1.133	168.7
3	2.0	6.2961E-05	4.608	347.8(2)
3	2.5	7.3155E-05	3.747	288.1(2)
3	3.0	8.1384E-05	3.182	248.3(2)
3	4.0	9.5704E-05	2.490	198.6
3	5.0	1.0598E-04	2.084	168.7
3	7.0	1.1855E-04	1.627	134.6
3	10.0	1.2623E-04	1.292	109.1
3	12.0	1.2728E-04	1.163	99.1
3	15.0	1.2576E-04	1.036	89.2
4	.5	9.9000E+01	999.000(1)	1243.1(2)
4	.8	5.2861E-06	109.567(3)	795.5(2)
4	1.0	7.3752E-06	72.632	646.2(2)
4	1.5	1.3234E-05	36.194	447.3(2)
4	2.0	1.9170E-05	23.309	347.8(2)
4	2.5	2.4795E-05	16.707	288.1(2)
4	3.0	3.0190E-05	13.035	248.3(2)
4	4.0	4.0030E-05	8.974	198.6
4	5.0	4.7972E-05	6.894	168.7
4	7.0	6.0011E-05	4.782	134.6
4	10.0	7.0865E-05	3.400	109.1
4	12.0	7.4834E-05	2.914	99.1
4	15.0	7.7217E-05	2.471	89.2
4	20.0	7.6981E-05	2.055	79.2
5	2.0	9.1259E-05	11.839	148.9
5	2.5	8.4047E-05	10.844	141.9
5	3.0	7.8370E-05	10.110	136.3
5	4.0	6.9833E-05	9.030	128.4
5	5.0	6.3593E-05	8.376	122.7
6	2.0	4.9406E-05	30.056	132.0
6	2.5	4.7665E-05	26.790	126.1
6	3.0	4.6104E-05	24.447	121.5
6	4.0	4.3431E-05	21.256	114.9
6	5.0	4.1137E-05	19.144	110.2

(1) THE DISTANCE TO THE POINT OF MAXIMUM CONCENTRATION IS SO GREAT THAT THE SAME STABILITY IS NOT LIKELY TO PERSIST LONG ENOUGH FOR THE PLUME TO TRAVEL THIS FAR.
(2) THE PLUME IS OF SUFFICIENT HEIGHT THAT EXTREME CAUTION SHOULD BE USED IN INTERPRETING THIS COMPUTATION AS THIS STABILITY TYPE MAY NOT EXIST TO THIS HEIGHT. ALSO WIND SPEED VARIATIONS WITH HEIGHT MAY EXERT A DOMINATING INLUENCE.
(3) NO COMPUTATION WAS ATTEMPTED FOR THIS HEIGHT AS THE POINT OF MAXIMUM CONCENTRATION IS GREATER THAN 100 KILOMETERS FROM THE SOURCE.

GREENBAN
AB 707

SIERRA PACIFIC POWER COMPANY
NEVADA JURISDICTIONAL STATISTICS

	Year Ended December 31,			1975 12 Mos. Ended
	1972	1973	1974	3-31-75
Rate Base	$161,884,889	$168,586,070	$205,018,577	
Operating Income Earned by the Company	11,931,018	12,885,949	15,368,384	
Rate of Return Earned	7.37%	7.64%	7.50%	
Operating Income Allowed by the Public Service Commission	12,581,241	14,802,599	18,013,608	
Rate of Return Allowed	7.77%	8.78%	8.78%	
Deficiency in Company Earnings	650,223	1,916,650	2,645,224	
Return on Common Equity Allowed by the Public Service Commission of Nevada	12.0%	12.5%	12.5%	13.75%
Return on Common Equity actually realized	10.8%	10.6%	11.5%	9.20%
Deficiency	1.2%	1.9%	1.0%	4.55%

1156

EXHIBIT F

1152

SUGGESTED AMENDMENTS TO ASSEMBLY BILL 708

SECTION 1, SUBSECTION 2 Delete: Lines 8 through 11.

Substitute: 2. No existing compliance schedule, variance order, or other enforcement action applicable to fossil fuel-fired steam generating facilities of greater than 1,000 megawatts' capacity shall be enforced until July 1, 1977.

SECTION 2, SUBSECTION 2 (Page 2) Delete: Lines 1 through 4

Substitute: 2. No existing compliance schedule, variance order, or other enforcement action applicable to fossil fuel-fired steam generating facilities of greater than 1,000 megawatts' capacity shall be enforced until July 1, 1977.

SECTION 3, SUBSECTION 7 Delete: Lines 43 through 47

Substitute: 7. No existing compliance schedule, variance order, or other enforcement action applicable to fossil fuel-fired steam generating facilities of greater than 1,000 megawatts' capacity shall be enforced until July 1, 1977.

Add: 8. The State Environmental Commission and local Air Pollution Control Agencies shall hold one or more Public Hearings prior to July 1, 1976 for the purpose of review of air contaminant emission standards applicable to fossil fuel-fired steam generating facilities.

Exhibit G
1158

WASHOE COUNTY DISTRICT HEALTH DEPARTMENT

DIVISION OF ENVIRONMENTAL PROTECTION

10 KIRMAN AVENUE • RENO, NEVADA 89502
(702) 785-4246

April 23, 1975

Mr. Robert E. Robinson, Chairman
Assembly Commerce Committee
Legislative Building
Carson City, Nevada 89701

RE: AB #675-An Act Relating to Air Pollution

Dear Mr. Robinson:

The Washoe County District Health Department wishes to go on record as opposing Assembly Bill #675. The sum total of this Bill is to tie Nevada's air quality to Federal legislation. This is highly unfair to the people of Nevada, many of which are enjoying air far superior in quality to the rest of the nation. To pass regulations requiring no controls on emissions until the National Standards are reached is a step backward and a totally unacceptable concept. For this reason I hope to enlist your aid, as a member of the Commerce Committee, to defeat this Bill. I am enclosing an in-depth review of this Bill for your information. If we can provide further information or you have any questions concerning this review please don't hesitate to call. Also, we would like to be informed of any future hearings so that we can present further testimony.

Very truly yours,

Edward S. Gallagher, MD

EDWARD S. GALLAGHER, M.D.
District Health Officer

BW:lb
cc:
Enclosure

IN-DEPTH COMMENT ON BILL # AB675

BY THE WASHOE COUNTY DISTRICT HEALTH DEPARTMENT

Page 1

Lines 3 through 7

The addition of this language is strongly opposed by Washoe County. It effectively ties State and local air pollution regulations to Federal legislation, ignoring the fact that some areas in the State require stricter standards to maintain acceptable air. This language would also eliminate all emission standards for new sources unless first promulgated by Federal legislation. To date, Federal legislation has been forthcoming on only seven types of new sources; so its entirely possible, with this wording, that a major new source could be established and not be subject to any controls.

Lines 10 through 15

These additions and deletions are also opposed by Washoe County. This revised section would allow all of Nevada's air to be degraded up to the National Standards, even though much of Nevada's present air is far better than those Standards.

Lines 19 & 20

This addition is unnecessary since the methods alluded to in the phrase " and alternative control methods " would have been considered with the present wording.

Lines 21 & 22

This addition is unacceptable to Washoe County as it makes control measures dependent upon a cost benefit basis. Its extremely difficult, if not impossible, to put a cost on the benefit of clean air, therefore the argument will probably boil-down to one of cost only.

Page 2

Line 8

Changing "may" to "shall" limits the flexibility of the Commission. It forces the Commission to perform certain acts whether the Commission feels they are necessary or not.

Line 12 through 15

This addition is not acceptable to Washoe County, since coupled with the previous proposed change, it forces the Commission to adopt regulations and standards only equal to Federal legislation. This deprives the Commission of the flexibility to control air pollution in those areas requiring more drastic action.

Lines 33 & 34

No Comment

MEMORANDUM

April 28, 1975

TO Wallie Warren

FROM Joe L. Gremban

Re: AB No. 675

Wallie, as you know, we are in the design state of building a 250 MW Steam generating station in Central Nevada. We have determined that under the present state environmental agency regulations the power plant will require scrubbers even though we would be able to meet Federal standards with respect to ambient air quality. Earlier this year, we applied for and received a modification of state environmental regulations with respect to oil fired generating units which made it possible for the company to burn .8% sulfur content oil rather than the .2% that previously was required. At the same time, we attempted to get the regulations with respect to sulfur content coal relaxed which would permit us to use a low sulfur coal without scrubbers. This portion of our request was denied. As a result, the company is faced with an investment of $34,000,000 and increased capital and operating costs of $6,000,000 annually. This would result in an increase to the consumer of up to 10% each time we build another generating plant. We build one approximately every other year, and so will be faced with similar costs increases in the consumers' bills with each unit. At this rate, it wouldn't be too many years before the environmental costs would equal or exceed all other costs of providing power.

Clark County environmental agency has proposed a two year moratorium on environmental regulations. This moratorium would be of no benefit whatsoever to Sierra or any other utility constructing generating plants. Being in the design state, we cannot wait two years to determine whether or not scrubbers will eventually be required. We would have to proceed on the assumption that they will and later if the regulations should be changed to relax the requirements. We will then have needlessly expended several hundred thousand dollars or possibly, depending on how far down the line we are, even millions of dollars.

We have amended AB No. 675 to provide that state environmental standards would conform to Federal requirements with the exceptions that counties with a population in excess of 100,000 could maintain more stringent requirements. This would provide the Cities of Las Vegas and Reno, where they have industrial facilities, to implement more stringent rules. Since power plants are generally built in remote areas, this would enable them to operate without scrubbers as long as they adhere to Federal requirements and would also enable cities to control air quality within environs.

I feel this bill provides adequate control for everyone concerned and strongly urge its passage.