

Senate

ENVIRONMENT AND PUBLIC RESOURCES COMMITTEE

May 13, 1975

The meeting was called to order in Room #213 on Tuesday, May 13, 1975, at 12:20 p.m., with Senator Thomas Wilson in the chair.

PRESENT: Senator Thomas Wilson
Senator Richard Bryan
Senator Carl Dodge
Senator Richard Blakemore
Senator Gary Sheerin
Senator Mary Gojack
Senator Joe Neal

OTHERS PRESENT: See Exhibit A

A.B. 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.

Noel Clark, Public Service Commission, testified. Senator Wilson asked if this was the bill that had received a certain amount of notoriety in the newspaper about allowing rate increases without public hearing. Mr. Clark said that as near as he can determine there is no automatic rate increase involved in this bill, nor under the existing Commission will there be any automatic rate increases. They will all go to public hearing. Mr. Clark said he would go so far as to say that if bill cropped up with an automatic fuel increase, he would personally go to the Governor and ask for a veto on it. He said they have not worked throughout the United States and he didn't think they were practical or in the public interest. Senator Bryan asked what the contention was of the person whose name appears in the newspaper that this was an automatic increase. Mr. Clark said he really didn't know. Mr. Clark said the bill as written now, with an amendment they were going to present, doesn't change the act.

The changes in section 1 of the bill are not substantive. Section 2 is unaffected. Section 3 has an amendment proposed by Mr. Clark. The amendment is attached and will be labeled EXHIBIT B. The amendment does not basically change the intent and purpose. It does clarify and make it absolutely clear precisely how the various segments of rate applications for public utilities would be activated. After very careful examination of the bill, Mr. Clark concluded that 60 days after certification was an inadequate number of days for the Commission to complete its audit; in any event additional hearings were required. With the exception of changing the language and clarifying the language, it does change on Line 13, Page 2, the 60 days to 90 days. Mr. Clark said there was a three month spread in there that was not clear with previous language. They proposed this language to clear up any possible ambiguities.

Senator Wilson said they would have to revise the second paragraph. Mr. Clark said there was a new introductory sentence. Senator Wilson asked how that affected the present obligation to hold a public hearing on applications. Mr. Clark said it does not affect that. Senator Wilson asked if the present law dispensed with hearing unless they get a protest. Mr. Clark said that still remained in the statutes; however, the Commission, under no circumstances, would ~~not~~ permit the utility rates to go into affect without the necessary hearing. Senator Wilson said what he wanted to get at is whether the language changes the requirements upon which they are mandated to have a hearing. Mr. Clark said they do not believe that it does.

Senator Dodge said that three members of the committee were on the special Committee on Utility Rates. He said it seemed it might be of interest to the rest of the committee to know what this proposal is actually about and what beneficial affects will be resulted from it. He asked Mr. Clark to explain about this. Mr. Clark said that heretofore the Commission has permitted a utility to file and has accepted null and measurable cost three months beyond the test period - the test period being 12 months of recorded operation. The proposal under A.B. 707 would permit an additional three months in the event the public utility failed to certify until up to 90 days from the time the order was required. This would give the utility an opportunity to file a six month estimated period of a future test period. However, it could not become operational until there is actually experience and has been certified to the Commission. Senator Dodge said he might correct that one of the results of this will be that the utilities and the Commission will be dealing with more current cost information than they have in the past, particularly in the rapidly changing cost situations. Mr. Clark said that was true and that they were hopeful that under this act rate increases would not have to be filed as often as they have been in the past. Senator Dodge said there had been too much lag in the past and hopefully this would bring it up to a more current position and there will be less need to file for new rate increases all the time.

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Mr. Clark continued on through the bill. He referred to Section 5. He said there were two ways to go. He referred to the amendment which he had passed out previously. This is the section for the deferred account. He said there seemed to be some questions in a number of people's minds that this permits automatic pass throughs. Mr. Clark said this does not permit automatic pass throughs in any sense of the word. He said all this permits is for a public utility to defer filing for fuel adjustments by putting it into a deferred account. Either the pluses or the minuses would all be accounted for in that particular account at the end of six months. If there was an increase or a decrease in the cost for the public utility maintaining its same rate of return, they would have to apply for a fuel adjustment. Again, that would have to go to hearing.

Senator Wilson asked what a deferred account was. Mr. Clark said it was any account which is carried seperately from the regular accounts in the books and records. He said any increase or any decrease would go into the account. Senator Wilson asked if the application would have to be made formally at the end of the six months. Mr. Clark said yes. Senator Wilson asked about the period before the effective date. Mr. Clark said they have attempted to have fuel adjustments on a 30 day basis.

Mr. Clark referred to Page 2, Line 35. He suggested two possible amendments. See attached His personal preference was to strike the entire sentence beginning with Lines 35 through 40. Discussion of this amendment was held.

Section 2, paragraph 2, was discussed. Senator Wilson asked if the use of a deferred account still means they make application for recovery for whatever the mean affect is. Senator Wilson asked if this just give them the jurisdiction to order decrease if necessary. Mr. Clark said if gives them the authority.

Senator Dodge asked if the language commencing on Line 29 was a little unclear. Senator Dodge said it doesn't say anything about a prior audit or an order on the part of the Commission. Senator Dodge said the language there is not as clear with respect to the credit as it is in other sections. Mr. Joseph Gremban answered from the audience. He said they were going to make the comment that any clearing of that account has to be done by changing the rates. Any time you have a change in rates, you must have a hearing. Senator Dodge asked if they had to have a change in rates to have a refund. Mr. Gremban said yes.

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Senator Bryan said part of the whole problem is the difficulty in communication in a sophisticated, complicated area. Senator Bryan said he would not have known a hearing was required if he had not been privy to the previous conversations. He asked if there was any reason why they could not expressly provide that there is going to be a hearing so there is no way of misunderstanding, such as occurred in the morning paper. Mr. Clark said on Line 32, after commission, they could add hearing. He discussed this briefly. Mr. Clark said he had no particular preference because as long as he is on the Commission, he knows they are going to go to hearing.

Senator Dodge said the language on Line 29 is not consistent with the last paragraph. Senator Dodge said they should conform the language in the two sections. They are dealing with deferred accounting in both sections. Senator Bryan suggested the following language: "The Commission shall allow by appropriate order after public hearing."

Senator Dodge said the public impression should be corrected as a result of the article that appeared in the newspaper. Bryan Bland was in the audience and said the story would be covered in the news that night.

Senator Blakemore moved to amend and do pass.
Senator Bryan seconded the motion.
The vote was six to one. Senator Neal voted no.

A.B. 708: Places moratorium on enforcement of restrictive air pollution and emission standards on public utilities.

Daisy Talvitie, League of Women Voters, testified. She stated this was a compromise bill which was worked out between the League of Women Voters, the power companies, the State Environmental Commission and the Clark County District Health Department. They have all agreed to the bill and it is their exact language. She asked that the Committee give it a do pass with no amendments.

Senator Wilson asked what the bill did, generally. Mrs. Talvitie said that at this time there is one power plant, Southern California Edison, in Mohave, which is more than 1,000 megawatts in size. Lines 8, 9 and 10 confines itself to those of that description. So this would be applicable to just one power plant. That is the only power plant which has a pending enforcement order, which would become effective in June. Senator Wilson asked whose order this was. Mrs. Talvitie said it is state and also federal. The advantage of this is that no local or state orders would be enforceable and it puts them in a better position to negate the federal government coming in with theirs. The federal government took an enforcement action when they approved the state regulations, and by their approval, it becomes a federal regulation. This also gives the federal people an opportunity to back down on their enforcement order. This gives us a two year moratorium.

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She said that is the one that everyone is most concerned about in terms of highest cost. This delays the requirement that they proceed immediately to install scrubbers. She stated this is the first section of the bill.

Senator Dodge said this is one of the proposals of the special committee on utility rates. Senator Dodge said they were considering another provisions which simply said the local standards in this case would be no more stringent than the state standards. Mrs. Talvitie said the state and local standards in this case are almost identical. Senator Dodge said they then came around to the idea of the moratorium, rather than to flat out say they couldn't have a more restrictive standard. Senator Dodge asked the utilities from Southern Nevada if this posed any problems not knowing what is going to happen in 1977 as far as design or cost factors in capital construction.

Gene Metucci, Southern California Edison, spoke from the audience. He was speaking on behalf of Southern California Edison, Nevada Power, Mohave Plant. He said it doesn't present any problem at all because they have already installed emission control equipment which will comply with the EPA regulations. Senator Dodge said that his questions was that supposing that in 1977 that they come along, unless we take other action in the legislature, and impose a more stringent standard. Mr. Gremban said it wouldn't affect them because their initial design was sufficiently large enough, with sufficient area, to build to a very much more stringent standard than the EPA. All of their plants, at Navajo, in Arizona, etc. are like this. Senator Dodge said, in other words, that they could put in the necessary equipment without redesign. Mr. Gremban said yes.

Senator Wilson said he would like to hear from Mr. LeBaron of Southern California Edison. Mr. LeBaron said that with regard to the Mohave plant, they would possible be the same. He said Paragraph 8, Section 3, where it talks about the State Environmental Commission will hold more than one public hearing, is the section where you would go in for hearings, all of them at Nevada Power. At this time they would go in for public hearing to discuss various items to see what would be required when the moratorium is up. Senator Wilson said that means the state would be required to promulgate on or by the deadline, in affect, so they would know what the rules were.

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Mrs. Talvitie explained the connection between the two paragraphs. She said the date is July 1, 1977, for the end of the moratorium. She said the next key sentence is on page 2, at line 45. With that timetable, the regulations will have to be revised by July 1, 1976, which gives them plenty of time to make the necessary adjustments. All of this will go back to public hearing. She said they would also notice all of this will be done prior to the next legislative session. If the legislature is not satisfied with the review and the change in the regulations, they will have another shot at it before the moratorium expires. Mrs. Talvitie said they had told them that the League of Women Voters was prepared to pay the cost. As far as the League members are concerned, they are still prepared to pay the cost for emission control; however, they do know that at the time the regulations were adopted, there was an entirely different picture on cost and the whole situation. They do feel they can support a review of those regulations to see what adjustments should be made at this time. Senator Dodge said there are other consumers in Southern Nevada besides the League who have said this. Mrs. Talvitie said they do have new cost information, inflation, etc. but they do feel it would be hazardous for them to attempt to write specific regulations into the law at this time because it is a very technical subject and needs a great deal of in depth review. She said they would ask that this bill go through with no amendments.

Mr. Gremban said he would like to answer the question about whether this would result in other cost to the company. He said they are in the design stage for 250 megawatts plant and they have to design either for or without scrubbers. He said they are in agreement with the proposal that hearings be held and they will make application to try to get the rules and regulations modified to accommodate their particular needs. He said if they have to build scrubbers, it does mean an investment of about \$34,000,000.

Senator Bryan moved do pass.

Senator Blakemore seconded the motion.

All members were present and voted aye.

S.B. 600: Reduces notice period required before fish and game regulations relating to open and closed seasons and bag limits may be adopted.

After a brief discussion, the following action was taken.

() Senator Dodge moved to do pass.
Senator Sheerin seconded the motion.
The vote was unanimous with all members present and voting.

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There being no further business, the meeting was adjourned at 1:05 p.m.

Respectfully submitted:

Kristine Zohner

Kristine Zohner, Committee Secretary

APPROVED BY:

Thomas Wilson
THOMAS WILSON, COMMITTEE CHAIRMAN

ROOM # 213

Environment

DAY Monday

DATE

May 13, 1975

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Tuesday

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>
Ernie Gregory	Bur. of Envir. Health	Carson City
Clem Griffith	Dept. of Fish & Game	Reno
Bill Parsons	" " " "	"
JOHN M. COLLINS	SIERRA ENVIRONMENTAL MONITORING	Reno
Ken Carson	SEMS	Reno
M. GENE MATTEUCCI	Nev. Power Co.	L.V.N.
R.C. Campbell	SIERRA Public Power	Reno
Joe L. Gremban	" " "	"
Daisy Jalvite	#42 League of Women Voters	Las Vegas
Richard J. ...	AIR QUAL. (Bur. of Env. Health)	Carson City
Agnes J. ...	Dept. Human Resources	Carson
Al Barr	Southern Calif. Edison	Las Vegas

PROPOSED AMENDMENT TO A. B. 707

Delete Section 3 and substitute therefore new Section 3 as follows:

3. Whenever there is filed with the Commission any schedule stating a new or revised individual or joint rate, fare or charge, the public utility shall submit with its application a statement showing the recorded results of revenues, expenses, investments and costs of capital for its most recent 12-month period.

During any hearing on such increased rates, fares or charges determined by the Commission to be necessary, the Commission shall consider evidence in support of the increased rates, fares or charges based upon actual recorded results of operations for the most recent twelve consecutive months for which data are available at the time of filing, adjusted for any increased investment in facilities, certain expenses to be approved by the Commission and costs of new securities which are known and are measurable with reasonable accuracy at the time of filing and which will become effective within six months of the last month of actual twelve month results of operations; provided, however, that no new rates, fares or charges may be placed into effect until such changes have been experienced and certified by the utility to the Commission. Within ninety days after the filing with the Commission of the certification required herein, or before the expiration of any suspension period ordered herein pursuant to Section 2 above, whichever time is longer, the Commission shall make such order in reference to such rates, fares or charges required by this chapter.

PROPOSED AMENDMENT TO A. B. 707

Add on line 36, page 2, of Section 5 after word "accounting" additional words
---", upon application and proper showing, "---

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

A. B. 707

ASSEMBLY BILL NO. 707—SELECT COMMITTEE
ON UTILITIES

APRIL 22, 1975

Referred to Committee on Commerce.

SUMMARY—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. Fiscal Note: No. (BDR 58-1871)



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

AN ACT relating to public utility regulation; requiring a public utility to submit certain statements of cost when a rate hearing is held; providing for the adjustment of an increased cost of purchased fuel and power if the public utility utilizes a deferred accounting procedure; providing for rate increase requests more frequently than every 6 months in certain circumstances; and providing other matters properly relating thereto.

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

- 1 SECTION 1. NRS 704.110 is hereby amended to read as follows:
- 2 704.110 1. Whenever there [shall be] is filed with the commission
- 3 any schedule stating a new or revised individual or joint rate, fare or
- 4 charge, or any new or revised individual or joint regulation or practice
- 5 affecting any rate, fare or charge, or any schedule resulting in a discon-
- 6 tinuance, modification or restriction of service, the commission [shall
- 7 have, and it is hereby given, authority,] may, either upon complaint or
- 8 upon its own motion without complaint, at once, and if it so orders, with-
- 9 out answer or formal pleading by the interested utility or utilities, [to]
- 10 enter upon an investigation or, upon reasonable notice, [to] enter upon
- 11 a hearing concerning the propriety of such rate, fare, charge, classifica-
- 12 tion, regulation, discontinuance, modification, restriction or practice.
- 13 2. Pending such investigation or hearing and the decision thereon,
- 14 the commission, upon delivering to the utility or utilities affected thereby
- 15 a statement in writing of its reasons for such suspension, may suspend the
- 16 operation of such schedule and defer the use of such rate, fare, charge,
- 17 classification, regulation, discontinuance, modification, restriction or
- 18 practice, but not for a longer period than 150 days beyond the time when
- 19 such rate, fare, charge, classification, regulation, discontinuance, modifi-
- 20 cation, restriction or practice would otherwise go into effect.

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A. B. 708

ASSEMBLY BILL, NO. 708—SELECT COMMITTEE ON UTILITIES

APRIL 22, 1975

Referred to Committee on Commerce

SUMMARY—Places moratorium on enforcement of restrictive air pollution and emission standards on public utilities. Fiscal Note: No. (BDR 40-1869)

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

AN ACT relating to air pollution; placing a moratorium on the enforcement of compliance schedules, variance orders or other enforcement actions applicable to certain generating facilities; and requiring state environmental commission to review existing air contaminant emission standards.

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

- SECTION 1. NRS 244.361 is hereby amended to read as follows:
244.361 [The] 1. Except as provided in subsection 2, the boards of county commissioners of the various counties of this state are granted the power and authority, by ordinance regularly enacted, to regulate, control and prohibit, as a public nuisance, the excessive emission of dense smoke and air pollution caused by excessive soot, cinders, fly ash, dust, noxious acids, fumes and gases within the boundaries of the county.
2. No existing compliance schedule, variance order or other enforcement action relating to air pollution by fossil fuel-fired steam generating facilities, with a capacity greater than 1,000 megawatts, may be enforced until July 1, 1977.
SEC. 2. NRS 268.410 is hereby amended to read as follows:
268.410 [In] 1. Except as provided in subsection 2, and in addition to any authority or power provided by the charter of any incorporated city in this state, whether incorporated by general or special act, or otherwise, there is granted to the governing body of each of the cities incorporated under any law of this state the power and authority, by ordinance regularly enacted, to regulate, control and prohibit, as a public nuisance, the excessive emission of dense smoke and air pollution caused by excessive soot, cinders, fly ash, dust, noxious acids, fumes and gases within the corporate limits of the city.
2. No existing compliance schedule, variance order or other enforcement action relating to air pollution by fossil fuel-fired steam generating

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A. B. 600**ASSEMBLY BILL NO. 600—ASSEMBLYMAN JACOBSEN**

APRIL 10, 1975

Referred to Committee on Ways and Means

SUMMARY—Makes appropriation to Carson Valley Historical Society.
Fiscal Note: Yes. (BDR S-1663)EXPLANATION—Matter in *italics* is new; matter in brackets [] is
material to be omitted.

AN ACT making an appropriation from the general fund in the state treasury to the Carson Valley Historical Society for the purpose of aiding in the completion of a bicentennial project; and providing other matters properly relating thereto.

1 WHEREAS, The preservation of the history of an area and its people
2 is the preservation of its culture and its heritage for the enjoyment and
3 enhanced understanding of future generations; and

4 WHEREAS, A measure of commitment to historical preservation is a
5 community's willingness to use its own resources of time, talent and
6 money to preserve its heritage; and

7 WHEREAS, The legislature should always encourage local efforts at
8 community betterment, especially when a community has demonstrated
9 its dedication and willingness to proceed on its own; and

10 WHEREAS, The Carson Valley Historical Society was founded in 1961
11 to create awareness of the history of the Carson Valley and since that
12 time has contributed much to the recognition of the history of that region;
13 and

14 WHEREAS, This dedicated and industrious group has undertaken the
15 restoration of the Genoa courthouse as a project for the Nevada Ameri-
16 can bicentennial and already spent \$44,000 on that work, much of it
17 raised by the society directly; and

18 WHEREAS, It will take another \$48,000 to complete this worthwhile
19 and appropriate bicentennial project, a project that will commemorate
20 the history of the state as well as the Carson Valley, and it is therefore
21 deserving of the assistance of all the people of the state through the
22 legislature; now, therefore,

23
24 *The People of the State of Nevada, represented in Senate and Assembly,*
25 *do enact as follows:*

26
27 SECTION 1. There is hereby appropriated from the general fund in
28 the state treasury to the Carson Valley Historical Society the sum of