

MINUTES

ASSEMBLY COMMERCE COMMITTEE

February 7, 1977

Members Present:

Chairman Harmon
Vice Chairman Mello
Mr. Barengo
Mr. Demers
Mrs. Hayes
Mr. Moody
Mr. Price
Mr. Sena
Mr. Weise

Guests Present:

Joe L. Gremban, Sierra Pacific Power Co.
M. Gene Matteucci, Nevada Power Co.
Tom Young, Sierra Pacific Power Co.
Stan Warren, Nevada Bell
C. H. McCrea, Southwest Gas Corp.
Richard G. Pugh, M.D., Nevada State Medical Assn.
Robert Brown, M.D., Nevada State Medical Assn.
Christine Lamphere, Rehabilitation
Clark Guild, Southwest Gas
Rennie Ashelman, AFL-CIO
Georgia Massey, Insurance Division
Milos Terzich, Health Insurance Assoc. of America
James L. Wadhams, State Insurance Division
Dick L. Rottman, State Insurance Division

Chairman Harmon called the meeting to order at 3 p.m. and announced that Mr. Demers would present amendments to A.B.29. A copy of the amendments suggested by Mr. Demers is attached as Exhibit 1.

Mr. C. H. McCrea, Southwest Gas Corporation, said that he was speaking for the three energy supplying utilities, Southwest Gas, Sierra Pacific and Nevada Power. They can support this law if they can suggest one addition. Under the Ely Light and Power case it is the utilities'

Assembly

Commerce Committee Minutes, Feb. 7, 1977

prerogative to manage its business and within that broad scope of management discretion comes the right to obtain outside consulting services in any area where it is needed. What this bill would do would permit an investigation and require the utility to pay for it, but then permit the utility to recover the expenses of such investigation in its rates.

Paragraph 4 of Section 3 tends to suggest that the cost of an examination of this nature could be recovered by the utility in its ratemaking expenses only if the Public Service Commission had allowed the examination. He feels that takes something away from the Ely Light and Power decision. The utility may feel it needs expert consulting services whether the Commission requires it or not.

The energy supplying utilities recommend the addition of the following language to the 4th paragraph: "but nothing herein shall be construed as denying any utility the right to obtain an examination of its own violation and recover the expense thereof in its rates."

Mr. Demers asked if they would object if it was required that the utility notify the Commission of the intention to obtain an examination. Mr. McCrea said he personally would have no objection since the Commission is aware of what the utilities are doing most of the time anyway.

Mr. Price felt the addition of the requested language might imply that the costs of the examination would automatically be added to the ratepayers without applying to the Commission for such increase. Mr. McCrea said that was not the intention and this language would merely require the Commission to allow the recovery of such expense in a ratemaking application.

Mr. Weise did not feel that the present language in paragraph 4 precluded optional management audits by the utilities.

Mr. Moody stated that if the utility had an examination every 6 months they would be hiring their own people. If the Public Service Commission then requested an examination over a 5 year period, the utility would protest since they had just had an examination, but such examination would not have been performed from the list of 20 people jointly approved.

Assembly Bill 120

Chairman Harmon stated this bill would not be heard today since Mrs. Wagner had again requested a postponement.

Assembly

Commerce Committee Minutes, Feb. 7, 1977

Assembly Bill 150

Mr. Dick Rottman, Insurance Commissioner, said that the Insurance Division was not the author or the primary proponent of this bill but they would like to testify on behalf of the bill. This is a good consumer measure and one that would benefit the State of Nevada. There are apparently problems that the health insurance industry has in several sections. The concept of this bill is to provide continuing coverage for those people who have had health insurance under a group insurance plan but have left the plan. Mr. Rottman feels this bill should receive favorable consideration even if there are amendments proposed.

Mr. Milos Terzich, representing the Health Insurance Association of America, stated that he had discussed this bill briefly with the Insurance Division. The Health Insurance Industry does not oppose the concept presented by the bill, but there are numerous areas in the bill which would require clarification and amendment. Mr. Terzich does not have the amendments at this time but requests the Committee's permission to submit amendments after he has had an opportunity to get together with the Insurance Division. Chairman Harmon said he would have no objection.

Mr. Rennie Ashelman, representing the Nevada State AFL-CIO, stated that their concern over the bill arises out of a conversation he had with Mr. Frank Daykin. In analyzing the bill, Mr. Ashelman and Mr. Daykin are uncertain whether or not the bill intended to include within its terms the Taft Hartley trust, the type of health and welfare and life insurance trust that labor and management set up pursuant to National Act. They have a bewildering variety of group health insurance. This bill would cause serious problems if it does cover Taft Hartley trusts. Perhaps a simple amendment deleting such trusts would solve the problem. Mr. Ashelman then pointed out all the problems that would arise if Taft Hartley trusts are included in the bill.

Chairman Harmon asked that Mr. Rottman, Mr. Terzich and Mr. Ashelman meet and work out some amendments to A.B. 150.

Assemblyman Marion Bennett testified that this bill was a result of their study of the aged throughout the state. He feels this bill would benefit people who have worked for many years on one job and then have to leave and find it difficult to obtain other insurance.

Assembly

Commerce Committee Minutes, Feb. 7, 1977

Mr. Moody questioned whether there should be a fiscal note on the bill since the state, counties and municipalities pay a portion of the premiums for employees and if insurance companies costs go up, the premiums would also. Mr. Rottman did not feel this bill would push rates up for group health policies. If it did, it would be over a period of time on a minimal basis and there would be no real rate impact.

Chairman Harmon assigned Mr. Price to meet with Mr. Rottman, Mr. Ashelman, Mr. Terzich and Mr. Bennett and draft amendments to this bill, A.B. 150.

COMMITTEE ACTION

Assembly Bill 29: Mr. Weise moved that the committee adopt the amendments prepared by the subcommittee and presented by Mr. Demers, Exhibit 1 attached hereto. Mr. Demers second and carried unanimously.

Mr. Demers asked that the record show that the Committee on Commerce, in not accepting the amendment submitted by the three energy supplying utilities, did not mean that utilities could not engage in management audits outside of the provisions of this act, and further did not mean that such additional audits engaged in by the utilities without explicit direction by the Public Service Commission would not be allowable expense for ratemaking purposes. However, the committee felt that it was up to the PSC to decide through their normal procedures whether or not such additional audits should be used for ratemaking purposes.

Mr. Demers moved Do Pass A.B. 29 as amended and refer to the Committee on Ways and Means. Seconded by Mr. Mello and carried unanimously.

Mr. Demers moved that the minutes of the meeting of February 2, 1977 be approved. Seconded by Mr. Sena and carried unanimously.

The meeting was adjourned by Chairman Harmon at 4:15 p.m.

Respectfully submitted,

Jane Dunne
Assembly Attache

Amendments to A.B. 29

Eliminate in entirety Section 3.

Re-number Section 4, Section 3.

Rewrite Section 4, (now Section 3) to read:

The Commission may order an examination of the condition and management of any natural gas, electric or CATV public utility under its jurisdiction. The Commission and the public utilities shall jointly establish a list of not less than 20 persons and firms eligible to perform examinations of the condition and management of public utilities. This list shall be revised annually. Any public utility that is required to have an examination of its condition and management performed pursuant to this section shall select a person or firm to perform the examination from the list jointly established by the commission and the public utilities.

The public utility, the commission and the auditing person shall meet to determine the area of operations to be audited, the scope of the audit, form of report of the audit, and the cost involved.

The commission shall not order an examination pursuant to the provisions of this section of the condition and management of any natural gas, electric or CATV utility under its jurisdiction more often than once every five years unless the commission makes a specific finding, after public notice and hearing- that such an examination is in the public interest.

The costs of the examination required by the commission shall be allowable ratemaking expenses of the public utility.

Re-number Section 5, section 4

Eliminate lines 10 and 11 on page 2 and in there place add:

Provide the public with information regarding the commission and the public utilities that it regulates.

Eliminate section 6 in its entirety, i.e. lines 13 through and including 23.

59TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATIVE ACTION

DATE February 7, 1977

SUBJECT A.B. 29

MOTION: Amend, Do Pass and refer to Committee on Ways & Means

Do Pass Amend Indefinitely Postpone Reconsider

Moved by Mr. Demers Seconded by Mr. Mello

AMENDMENT

Moved by _____ Seconded by _____

AMENDMENT

Moved by _____ Seconded by _____

VOTE:	<u>MOTION</u>		<u>AMEND</u>		<u>AMEND</u>	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Harmon	x					
Mello	x					
Barengo						
Demers	x					
Hayes	x					
Moody	x					
Price	x					
Sena	x					
Weise	x					

TALLY: 9

Original Motion: Passed x Defeated Withdrawn

Amended & Passed _____ Amended & Defeated _____

Amended & Passed _____ Amended & Defeated _____

Attach to Minutes Feb. 7, 1977
Date