

ASSEMBLY
GOVERNMENT AFFAIRS
March 23, 1977
7:00am

MEMBERS PRESENT: Chairman Murphy
Mr. May
Mr. Craddock
Mr. Jeffrey
Mr. Moody
Mr. Robinson
Mrs. Westall
Mr. Jacobsen

MEMBERS EXCUSED: Mr. Mann

GUESTS PRESENT: See attached list

Chairman Murphy called the meeting to order at 7:01am.

ASSEMBLY BILL 329

Assemblyman Karen Hayes, sponsor of the bill, told the committee that she feels that this state needs a Transportation Commission. But, she added that she did not realize the scope of the matter and now suggests that there be an interim study by the Legislative Commission.

Heber P. Hardy, Public Service Commission, told the committee that he has no objections to a study committee. Regarding the bill, Mr. Hardy told the committee that one of the functions of the PSC is to regulate the public forms of transportation. He admitted that the PSC needs to improve in their administration of this transportation division but that after this session of the legislature they will be much better able to perform this duty. He have asked to created a separate division in the Public Service Commission for a Director of Transportation which should really take care of the state's need. He feels the PSC is capable of handling this area of concern with the new additions to their staff. He estimated that it would cost \$578,000 to create a separate Transportation Commission as A. B. 329 suggests. There does not have to be a duplication of duties. The PSC is working on the present deficiencies. He added that under the bill the railroads, which are now considered utilities, will be considered in the transportation area of control.

Clark Guild, representing Union Pacific Railroads, said the involvement of railroads with the PSC is somewhat less nowadays than it has been in the past. There are limited functions that the PSC has on railroad matters at the present time principlly because of the Interstate Commerce Commission. There would be a duplication of efforts and it would cost at least \$300,000 to start a new office.

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Carl Soderblom, Nevada Railroad Association, agreed with the previous speaker. The only portion of the bill he was particularly concerned with is the section on hours of service. To copy the Federal law everytime it is changed would be a nuisance.

Robert Guinn, Nevada Motor Transport Association, there may be some merit in putting the matter in a study. Has some serious reservations about creating a separate agency for the purpose of handling the rates and regulatory matters. That should be under a body like the PSC. There're other areas that Mrs. Hayes is concerned about such as mass transit, handling of federal funds, etc. There are areas that warrant study and there are enough problems that some good might come from it. This is too comprehensive to consider quickly.

Paul Carrington, Carson City resident, hoped that a study would recommend leaving all of the duties regarding utilities and transportation under the same roof and not to create a separate agency. A study might correct some of the problems we now have. He could not support a duplicatory agency.

ASSEMBLY BILLS 438, 439, 440, 443, 445 (WATER METER LEGISLATION)

Chairman Murphy turned the Chair over to Vice Chairman May and then joined Assemblyman Sue Wagner at the witness table. They read a jointly prepared statement which is attached as Exhibit 1.

Assemblyman Wagner told the committee that many of the suggested changes would take place in the Building Codes.

Assemblyman Murphy told the committee that all local entities in the state except Reno and Sparks have the ability to use water meters if they so choose. He added that at the 5:30am the Governor's office the Washoe County elected officials (City of Reno and Sparks) indicated their strong support of water conservation methods. Therefore they should be more than willing to make the right decisions.

Murphy then read from a 1929 Reno Evening Gazette editorial, copies of various editorials are attached as Exhibit 2. He reminded the committee of the local officials always asking the Legislature to allow "Home Rule". He said that this is a good time to grant them their wish.

Assemblyman May commented on whether or not the local entities should be allowed to enforce the principles of conservation. He wasn't sure that they should have this power.

After a question from Assemblyman Jacobsen, Mr. Murphy said that these bills essentially originated with the Governor.

Chairman Murphy then assumed the Chair of the committee.

Robert Stizer, Counsel to the Pyramid Lake Paiute Indian Tribe, told the committee that 1) this is permissive legislation which would allow a study of the matter. He referred to a study done by the Desert Research Institute at UNR which showed that Nevada and California metered areas paid less for their water than the Reno/Sparks unmetered area. The average year round use in Reno is 435 gallons per day per person, if commercial and tourist use is deducted that figure becomes 304 gallons per day. During the summer peak the figure is 896 gallons and 627 gallons if commercial and tourist use is deducted. Carson City has meters and they still water their lawns. The average year round use per person in Carson City is 210 gallons per day, with State use and tourist use deducted the figure is 162 gallons a day. During the summer peak months the average use is 331 gallons and 265 if deductions are made. This shows that people with meters are conscious about saving water and not wasting it. These figures come from the Nevada State Journal, March 13, 1977. With prudent conservation steps in Reno which would stop big wasters, this would allow Sierra Pacific Power to delay the building of another million plus treatment plant and this will benefit the rate payer. Droughts occur about every decade for two to three years running. We are now in the midst of this decade's drought. This summer Tahoe will drop below the rim which allows water to be piped into Reno. Once the level drops below this legislatively set line, no water may be taken from Lake Tahoe. He gave the committee a copy of a 1962 letter which is Exhibit 3. This letter sets conditions required by the State of California before they would give permission for Nevada to pump water out of Lake Tahoe. At a meeting of the TRPA on March 22, 1977 California was asked if they would still require the same conditions. They said they would. Their position has not changed. Reasonable governmental policies can be made. Indians and the Federal Government are willing to share water in Stampede Dam but Reno is going to have to start conserving water first, before any attempt to help them is going to proceed. They have to help themselves first. Governor O'Callaghan met with Cecil Andres, Secretary of the Interior and conditions were made in that meeting. A copy of the press release on this meeting is attached as Exhibit 4.

Jim Thompson, Attorney General's Office, testified as follows: I would like to point out in 1960 and 61 the two committees appointed by the two governors met for over a period of about six months. Fortunately, we never had to come to any agreement because the snow started flying in the Sierras but in the letter that Mr. Stizer gave you, California said you're going to have this problem again and you're going to be coming to us and we want to let you know what the conditions will be. And, of course, one of them is as Mr. Stizer noted, it's meters and, had the snow not fell that particular time that year, I would imagine the governor would have had to call the Legislature into special session in 1962, to repeal that statute against metering. It's very possible that this summer the governor will again approach the governor of Calif. to appoint a committee to study the problem of working out an agreement for pumping Lake Tahoe. This was more or less discussed by the Governor and the Interior Secretary; therefore, if we're going to go over there and sit down at the table with the people from California, we've got to assure them that we're doing everything we can to conserve water in the Truckee Meadows area, including metering. Frankly, I think you'll all agree there's no way you can argue against that requirement. It's reasonable. There's no defense against it. And I don't think we'll get anywhere unless this statute is repealed on the books, so we would urge, from that standpoint, that this committee give favorable consideration to repealing the statute.

Assemblyman Craddock commented that we obviously got involved in a political trap here when the Reno - Washoe area were unwilling to face their own responsibility in times past. That's pretty obvious. Do we really feel at this point in time that Reno-Sparks local officials can and will face their responsibility to their constituency and put meters in if not mandated by state law?

Thompson answered: Well, I would assume they would. Right now they have the convenient excuse "we can't do it because legislators prohibit it."

Russ McDonald told the committee that he thought his posture in this matter should be explained at length, and despite the fact that some of you have known me in the services of the Legislative Counsel for many years, I'm not particularly a novice with respect to water matters. First, I'm a consumer and I'm served by the Sierra Pacific Power Company. I live in Washoe County, not in the city of Reno-Sparks. I have no financial interest in any of these bills. Thirdly, I represented for a number of years, the Truckee-Carson Conservation District which is a water conservation district created pursuant to statute of this state, looking forward to utilization of so called M & I, municipal and industrial waters, from the Stampede Reservoir, and possibly from the Carson River. Simultaneously, I also resresented the Watermaster, a federal officer, Mr. Dukes, who is appointed by the federal court for the administration of the Carson and Truckee River streams and both preliminary and permanent decrees issuing from that court. As County Manager for five years in Washoe County, I enjoyed

cross examination by Mr. Stizer as a witness for the county in the federal suit to which he alluded, which is not material here, but certainly brings out the point, and I endorse his observations with respect to conservation. That's enough for the personal situations. Now, I was invited, or rather summoned by the governor, some weeks ago to appear at that 5:30 am meeting because of my twenty some odd years of experience trying to put packages together for the legislature. As the chairman indicated, that meeting was attended by almost 100% of the local representatives, the Washoe County Commissioners, and the council of Sparks and Reno, together with Assemblyman Murphy and Senator Gojack representing the leadership of the delegation. The Governor, during the course of the discussion, certainly put it straight, that he felt that certain legislation should be sought with respect to water meters in the Truckee Basin or the Meadows. And during the course of the conversation, as usual, I was swept into utilizing some alleged expertise in the drafting of legislation. Repeal of the prohibition which I'll discuss at length, of course, would not do the job without some ancilliary and attendant other pieces of legislation which would be offered to the Legislature in a package. Subsequently I met with Mr. Daykin and we decided that we would approach the problem by splitting the effort because my time and assets are limited as a county employee whereas he has the expertise and the staff. These bills which are now being heard are the product of that joint effort. Mr. Murphy alluded to the fact that, reading in part from an editorial in the Reno Evening Gazette back in 1928-29 with respect to the reluctance to face up to meters or recognizing need because of the cyclical drought that Mr. Stizer alluded to, even going back further than that, I've read all the existant papers of the Reno Evening Gazette and the Nevada State Journal since inception to 1930 for a variety of reasons and historically there was an editorial appearing in the Gazette in 1910, again with respect to the lack of water at a particular point in time and saying despite the fact that we don't even like to have electricity metered, we think maybe we ought to think about metering water. Well, that was 1910 and here today it's 1977 and we're still talking about the subject as far as Washoe County is concerned. Those of you who are not residents or interested in that county, per se, I think should be interested since these bills have the thrust of general legislation. I reserve any comment that if there's any suggestion that might be special in nature with respect to constitutionality, although I would certainly not urge that that approach be taken. Prior to the governor's suggestion that this subject be brought before the legislature, on December 29, 1976, the Public Service Commission of Nevada filed an opinion, here's a copy attached as Exhibit 5. This opinion was rendered in response to a petition by the Sierra Pacific Power Company with respect to certain rates, availability of water, reduction or increase of service area, in the Stead area. Stead, of course, by act of this legislature was annexed to the City of Reno by a special bill some years ago. I direct your attention particularly to page 6 of the handout which I think is relevant, only with respect to putting the question in proper focus. And I read, up to the first full paragraph on page 6. "The Commission (PSC) is of the opinion that petitioner (Power Company) should take all reasonable steps to conserve water, particularly in the Stead area, in order to reduce waste of a

(A COPY OF THE OPINION BY PSC IS ATTACHED AS EXHIBIT 5)

precious commodity as well as to make more water available to more people. We recognize that water meters are presently prohibited by law; however, we strongly urge petitioners and all interested persons to petition the legislature to eliminate said prohibition of water meters in the city of Reno, including the Stead area as a means of providing an economic incentive to conserve water and as a means of charging customers on an equitable basis for the water used." If I can go through the bills, subject, of course to questions or inquiry by members of the committees, others will want to testify and the only purpose here is to explain the so-called "package" and how it would work and also, alluding to your, to the amendment suggested in brief by you and Mrs. Wagner, during your introductory statements to the committee. So if that's satisfactory, we could go to AB 438. I draw the committee's attention to lines 2 down to part of 12. Now what this bill proposes to do is to repeal in its entirety the existing statute which has been discussed briefly here and which prohibits the installation of water meters or other measuring devices to measure water in the cities of Sparks and Reno. Now, historically, well, I'll make this first comment, that if you read the statute, the section as it now exists, it's hardly an example of good bill drafting, and you really don't know where you stand. If for no other reason, it ought to be redrafted if it's allowed to stay on the books. But I assume that certainly it does its mission. The first real statute which governs public utilities through a public service commission was adopted, as I recall, about 1911. In fact, the grandfather remnants of that are still on the books, series 700 NRS, and in that statute, the initial statute, there was language with respect to water meters in cities. Subsequently, about the middle 1920's, the Sierra Pacific Power Company, or its predecessor in interest, attempted then to install unilaterally, in the city of Reno, a number of water meters with the announced intention to measure the quantity of water. That announced intention led to action by the City Council of the city of Reno construing provisions into then existing Reno special city charter as against this public commission section, which was the predecessor to 704.230. Certain procedural difficulties were encountered in the first law suit, but ultimately there was decision by the Federal District Court that this prohibition, as it then read, was constitutional and that the power company was prohibited from proceeding with the installation of any type of water measuring device. There it stood and the history of the section, as economics demanded it, and the legislature responded, as found in NRS in the source note. But, if you read carefully 704.230 only prohibits the installation of water meters, really, containing more than 7500 inhabitants and when you analyze it, it's when you get to the end, it doesn't apply to municipal water works, it doesn't apply to Clark Co., it doesn't apply to anybody but Reno and Sparks. Mr. Murphy and Mrs. Wagner have suggested a possible amendment to this bill that would allow the Public Service Commission to proceed only upon petition or application from the local governing body. I would suggest, if there's appetite to amend in that vein, that possibly, since right now, as far as I know, there are no prohibitions, for

example, in Washoe County, the power company service area extends beyond the two cities, as I said, I live in the County, I'm served by the power company. It doesn't service all of Washoe County so therefore we have this situation of having applicable county law and the city law apply as well as state law in this subject and that is what these bills attempt to answer on a package situation because it doesn't do very much for it if unilaterally you allow one body to go and the other is prohibited or doesn't have the power by some kind of joint approach to answer the problem. Here again, as I understand the law today, there is no prohibition against the Public Service Commission suggesting and mandating installation of meters except in the two cities in Washoe County and possibly, the so-called Murphy-Wagner amendment should be further qualified to say in counties of 100,000 to 200,000 again zeroing in against this special problem I'm talking about, allowing this situation and then, of course, saying that the Public Service Commission's jurisdiction would be limited and would be operable only when such an application was made by the governing body. Now water meters do exist in Washoe County, Black Springs General Improvement District, I was manager and supervised the installation of improvement projects there, meters were installed and, of course, this committee has listened to the series of bills in 318, I hope for the last time this session, where again Sun Valley Water and Sanitation District representatives indicated that meters were installed and operable in that special district. So, I would think that AB 438, acknowledging Murphy-Wagner suggestions, should be recast, possibly to make it applicable only to Washoe County, and maybe some other language to preserve the law as I presently read it to say that there would be no prohibition against installation and operation of water meters elsewhere in the state. I think that's a fair situation when you argue this thing legally, you don't want to come up with a situation that by indirection or silence you prohibit it every place else.

Mr. Robinson asked if it would be easier, instead of having permissive legislation, that we have mandatory legislation that you put on water meters.

Mr. McDonald replied that yes, he thought there should be water meters. He has lived in Washoe County all his life and was born there.

Mr. Murphy commented that the purpose of Mr. McDonald being here today was to go through the bills and see why he and Mr. Daykin drafted them. I don't want to put Mr. McDonald in the position of advocacy. He's simply here explaining this.

Mr. McDonald said he thought there was a further observation with AB 438 during its genesis and birth, that if all of these bills passed tomorrow that you wouldn't see, within sixty days, water meters, installed, probably, in the counties or the cities. It's just physically and financially impossible to gear up and you go back to Mr. Stizer's testimony with respect to what happens in 1978-79 and that's what it's really all about. And here again,

the impact again, alluding to his figures without questioning them, the impact of tourism and what not and the measuring of water in the winter time that, possibly, if it's within the Public Service Commission's jurisdiction there will be a recognition of the flat rate in the winter because, unless you give the reader a shovel, where I live he's going to dig like hell, to find that meter. And I think the figures justify the fact that not the flat rate part of the year but during the growing season and the tourist season, when the sun comes out, is when we are guilty as users in the county of wasting water. So I have no objection, lay it on that way, but look at page 2, this bill proposes that if the Public Service Commission given jurisdiction with or without the application of the governing body, there would be some priorities with respect to commercial and industrial customers and then down to the residential users. I think representative of the utility and other witnesses, will bring out the impact of water use in those categories of business as against residential. So this is only a suggestion or direction to the Public Service Commission as to an orderly progressive installation order. This might be the bill to amend if you have any appetite with respect to installation of meters, their maintenance, etc. It seems to me that the Public Service Commission regulation, if it becomes a reality, with some standard or measure put into this bill by way of amendment, could say that you have the alternate choices. Little as I know about the subject, this is a horrendous thing when you have to go in with a compressor and start to dig up your curb and gutter to get close to your 3/4 service line and put in the box and the meter. So in the existing areas it would seem to me that maybe the householder, if he's a mechanic or like me has a master plumber for a cousin, I should have that opportunity to provide, subject to standards and inspection, the hole for the meter. So I think there may be some suggestion by way of amendment that could be made to allow that, this would be the place to put it if you have ideas to respond to that observation, I'm sure you'll get it from others. Also, that possibly the regulations could provide that, in the unincorporated areas, in the county, certainly I don't think that the county commissioners want to get into this type of water business, but there is the opportunity for them to contract, as a governmental agency, with the utility company, to go ahead and install and maintain so that you don't build up a large public meter reading and maintenance and installation force. Those things exist in the law as a means of doing daily business.

Mr. May asked what is the time schedule for hearings by the Public Service Commission.

Mr. McDonald replied that they would have to go through their administrative procedure requirements, either under that procedures act of the special provisions of 704 and that would require a public hearing. So you don't build it in here because this proposes to amend 704.230, it follows right along in the general powers of the commission to regulate utilities.

Mr. May asked if there would be plenty of time for public input.

Mr. McDonald replied that there would be and sometimes more than adequate time.

Mr. Jeffrey voiced his concern with allowing members of the public to install their own meters.

Mr. McDonald commented that under this bill the installation would all be pursuant to and under the specifications standard in requirements of inspection.

The Committee's attention was then turned to Assembly Bill 439.

Mr. McDonald said this conforms to county and city economic development revenue bond laws and authorizes the furnishing of energy or gas and deletes certain provisions relating to the feasibility of projects. Notwithstanding the water meter problem, I would have urged the introduction of enactment of AB 439 anyway. Those of you who served in the 1975 session will recall that there were two bills, one a Senate Bill and one an Assembly Bill, that proposed to amend both the county and the city economic bond laws. The thrust of those bills was different and in the closing days of the session those of us who were interested in municipal security law did not attempt to bring the two together. There was a great variance, and in addition to that since the 1975 session, Washoe County Commissioners have responded. In utilizing the county economic revenue bond law, with respect to the water treatment plant now in its first phase, as Mr. Stizer described, being constructed by the Sierra Pacific Power Company. The utilization of the county law caused the sale of ten million dollars of county economic revenue bonds to finance the construction of the first phase of the water treatment plant, mandated by a Federal statute and condition. During the progress of the transcript and the sale of those bonds, it became readily apparent that what was in both the city and the county law, were insufficient in a variety of reasons. I then contacted a Chicago based bond firm, and an Omaha firm which represents a number of the underwriters in securities like this. They had given me their input and it was not totally in at that time that the bill was introduced. Since then I have had subsequent conversations. I'll give you proposed amendments to this bill based upon the financial experts and its still subject to further observation by bondsman. I certainly urge the understanding of what the problem is with water meters, that this bill be given serious consideration and amended and enacted. A copy of the proposed amendments are attached as Exhibit 6.

The Committee's attention was then turned to Assembly Bill 440.

Mr. McDonald stated that this proposes to amend 244, the county law and Chapter 271 which is the city law with respect to special assessment improvements, streets and what not. This has the blessing of my city council. Really this offers only a device to people that are going in say to a subdivision or if they wanted to create an improvement district for anyone of the permitted uses to add this as

a permitted use and spread it over a period of time. Now it has this protection not on the face of this bill but built into both chapters that you have to have a majority, I think it is either a value or property owners, 51%, in order to approve a project. So I don't see anything objectional there. It does give the chance, assuming we get into curbs and gutters and you've got to tear up, suppose its a 500 dollar bill, you can spread it probably over five years, at a \$100 a year plus interest, if that's the desires of the people in that district. So this is just another click in the watch here to allow some type of financing as well as the economic revenue bond law that I suggest.

The Committee's attention was then turned to Assembly Bill 443.

Mr. McDonald said its almost axiomatic but is not realized that counties are not like cities. Unless you find express authority in the statute or by pretty good language, in order to give the commissioners power, they are without power in any particular field or act. So Section 1 of this bill gives the county commissioners the right to adopt an ordinance to effect water saving and punish violators, those are the terms of the ordinance. Probably the city, both special chartered and general have that authority. I don't see anything wrong in this Section 2 to specifically spell this out so that the counties and the cities could effectively have similar ordinances if it were the governing bodies choice to prevent that and I think each of us that live in the county have seen the neighbor go off to the show and come back late at night and the gutters are filled with water and the hard pan doesn't soak up the hoses and the water systems go on. I think the city of Reno does have provisions and when I revised that code 25 or 30 years ago there was an old ordinance that prohibited enforcement but the power would be here.

The Committee's attention was then turned to Assembly Bill 445.

Mr. McDonald stated that this would go into subdivisions and would say "All new subdivisions proposed would have to make at least some plans for the installation of meters." This would mean at the time that say other improvements were put in, (curbs, gutters and streets) that the box would be there, not necessarily that would go back to the hookup situation. I think if you follow the Murphy-Wagner suggestion to broaden this bill in scope to all new constructions that several new sections or at least one new section would have to be added. If my memory serves me, in the planning chapter in 278, there is authority there to enact building codes and maybe other types like the plumbing code. I suggest there if you like this bill, we would take a look at other sections to say that in that particular area, that that is where it would be mandated. As far as new construction is concerned, I think it is a policy matter, if I understand the suggestion of amendment, as to whether or not you go back into the unbuilt areas in a subdivision, or the owner at the time you have a vacant lot where someone wants to put up a house, as to whether that is economically feasible. At that point to demand a meter there

when everyone within a square block is not metered, until the program gets underway it would not be fair.

Mr. Harold Jacobsen, Mayor of Carson City discussed AB 443, page 2, lines 5-11. He said lines 5 and 11 begin with the word to "require", and they require city owned water departments to require itself to shut off water for those who waste it. In any event when this happens a local ordinance would be established. I don't think that this legislation should be a requirement, it will happen anyway. So I would just like to request that those words be changed to "allow".

Mr. Murphy asked Mr. Jacobsen if he would like it optional in both places.

Mr. Jacobsen replied that he would like to have it optional in both phases. He also said we do have some regulations already in Carson City, but we have a city owned utility. But, I just think its local option should be handled that way. On AB 445, we have some subdivisions that are in A-1 or A-2, and they are not on a water system. They get the water from private domestic wells. So I would suggest that on line 3 following the word "map", insert the words "for a subdivision which is to be served by water utility."

Joe Greenbaum, Sierra Pacific Power Company, testified as follows: I'm appearing on behalf of and in support of the water meter legislation. There have been quite a number of comments made here that I have agreed with, but I think we ought to bring this whole thing into perspective. I'd like to summarize it and to lay the foundation for the support that we have. I'd like to have Bob Layden and Eldon Dobbins come up here and assist me. To begin with I would like to have Bob Layden outline to you the situation as it exists with the drought; what our storage capacities are; how long they are going to last; and then I'll try to take over from there to summarize where we can go from that point. So Bob if you'd bring us up to date on that.

Mr. Layden testified as follows: We have taken a look at the water supply pictured for this year and I'll briefly explain where the water comes from and how it's handled. The main source of water for the Sierra Pacific service area is the Truckee River and it's tributaries, and that includes Lake Tahoe. In order to provide the water for the service area and also the irrigation water uses along the Truckee River system, it was necessary years ago to provide storage because this being a snow melt stream, a natural runoff falls down to a minimum in July and August which is the time of the highest demand. Therefore we have Lake Tahoe as the major storage reservoir. Boca Reservoir was built later. Those two reservoirs are used to store water to provide a flow necessary for all the rights on the streams during the summer months, and they store during the runoff season. In this particular year, last year, of being below normal precipitation, there was no storage accumulated, and as a result we depleted the storage that to a

large extent that was on hand. So we enter into this year with another dry year coming, which is already here and the prospects are that the storage in Lake Tahoe will be depleted by the middle of July and the water users will be dependent upon the storage in Boca Reservoir. Boca Reservoir holds at the present time 30,000 acre feet. That water will be released to supply all the water users at a regulated rate of flow in the late summer, and we have agreed to reduce the rate of flow with the other water users so that we think that we can extend that through August. Our company's water rights to divert from the Truckee River are pooled with the other users, therefore when we say we've maintained 400 cu. ft. entering the Truckee Meadows. That is not all Power Company water, it has to serve irrigation rights in the Truckee Meadows and also irrigation rights downstream. In addition to those storage reservoirs mentioned, we have storage in Independence Lake. It holds 12,000 acre feet at the moment. Then we have additional storage in Donner Lake which the Power Company can call an independent of the other water users to meet the demand. So as we see it for this year, the storage in Lake Tahoe will be depleted this summer and Boca Reservoir will be depleted also. There will just be a natural flowing stream which will be very small and probably not enough for the Power Company's demand. So we will then have to draw on our storage at Independence Lake and Donner Lake to supplement that and bring it up to what the demand is. It is possible that we would deplete those storages by, speaking of Donner Lake and Independence Lake, by the end of the summer. Then we have to take a look at supposing we have another year similar to this in 1978. In that case we would not accumulate any storage in the reservoirs. So we would run out and there wouldn't be sufficient water for the domestic municipal demand in June, July, August and September, without calling on some additional source. I've estimated that we would have to have 24,000 acre feet of storage to carry the cities of Reno and Sparks through those four months. The only alternatives available, assuming we've depleted all existing storage, would be pumping up at Lake Tahoe or having the use of the water that is now stored in Stampede Reservoir. I think that summarizes the situation as we see it now.

Joe Greenbaum added that Sierra Pacific Power Company has been working with the Department of Interior and the Indians in attempting to conserve the storage in Stampede so that it would be available if needed in 1978. There's a possibility some of that storage would also be needed in 1977. And, as pointed out by Mr. Stizer, to pump out of Lake Tahoe is going to involve some joint effort between the states of California and Nevada and we don't know how long that would take, what the problems would be and whether or not that could even be accomplished. I'd also like to bring into perspective what the usage of water is in the Washoe County-Reno-Sparks service area. So I'd like to call on Eldon to give you that information.

Mr. Murphy made the comment that he thought one of the problems is

that the people of the Reno-Sparks area think we have all the water we need because we've got Lake Tahoe as a source and all we have to do is open a plug and it just comes running down the mountain. Would you explain the relationship between the water availability in Lake Tahoe as to what the flow is from Lake Tahoe to the Truckee, that is not unlimited, is that correct?

Mr. Greenbaum replied that that was correct.

Mr. Murphy asked if this dollar an acre foot, was a set amount.

Mr. Greenbaum then told the Committee that it's the condition of the dam in Lake Tahoe and the natural outlet that has the control. There is a dam at Lake Tahoe which stores six feet of water from the natural rim, as we call it. You can store six feet above that, and that's the only water that can actively be drawn out of the Lake. And, as the Lake recedes in elevation, the amount that will flow out of the lake is dependent upon how much this natural channel will allow to flow out. As the head on the Lake lowers, the amount that will flow out of the Lake lowers. So we're at a point now where we're only 1.3 feet above this point where there will be no flow, and we're getting 250 cu. ft. per second from the lake at the moment, and that amount will gradually decrease just because of the restriction of the outlet itself. The rim and the dam limits the elevation that water can flow naturally. We can't open it any further, and you have to pump it out of the Lake, and there's where the problem is going to lie to get permission from the State of California. We don't know what the property owners or what position they would take with respect to pumping, even though it doesn't take much. As far as the amount of water off the top level is concerned, you still have the problem of opposition of the various groups. I might add that conservation is going to increase the amount of water that we can leave up in storage for future use and that's only one of the factors that we have to consider with respect to water meter legislation.

Mr. Craddock asked what the capacity of Donner and Stampede Reservoir is.

Mr. Greenbaum replied that Donner Lake, when it is full, is 9500 acre feet. Stampede Reservoir has a capacity of 225,000 and at the present time it has about 38,000 acre feet in it. Donner Lake has about 5000 acre feet in it.

Mr. May asked if water rights extend over the tributaries of the Truckee River.

Mr. Layden replied yes that the court decree decrees the water rights to all of the users in Nevada, but it pertains to those storage reservoirs upstream.

Mr. Robinson asked when the dam was built at Lake Tahoe.

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Mr. Layden replied it was built about 1874.

Mr. Robinson then made the comment that it has been there a long time and asked if Mr. Layden had any idea of how they arrived to just a six foot dam.

Mr. Layden replied that it was the property owners at that time in the State of California who objected to any lowering of the natural outlet, so they started from there and just went six feet. Then controversy over the level, high level of Lake Tahoe went on for a number of years, and it was finally agreed that 6.1 feet would be the limit.

Mr. Robinson asked if it would be a difficult task to make it seven or eight feet.

Mr. Layden said yes, he would think so.

Mr. Robinson then asked how long has it been since the storage level was at maximum level.

Mr. Layden replied that 1974 was the last time the Lake was full.

Mrs. Westall asked who owned Boca Reservoir and the other.

Mr. Layden said Boca Reservoir is a federal project and was built through a contract with the Washoe County Water Conservation District which comprises the area of the Truckee Meadows. And that district contracted to repay the cost of Boca Dam. They of course, will never own it. It will always be a United States facility, the water that's stored in Boca Dam is pooled with that and Lake Tahoe. It's regulated for the use of all water users downstream.

Mrs. Westall then asked if Sierra Pacific Power owned any of them.

Mr. Layden said the Power Company owns Independence Lake and owns the right to store the water in Donner Lake. We don't own any land at Donner Lake.

Mrs. Westall asked how much water does Sierra Pacific Power have the right to store.

Mr. Layden replied they could store 9500 acre feet.

Mrs. Westall then asked what the amount of water rights does Sierra Pacific Power have from the Truckee River totally.

Mr. Layden replied that Sierra Pacific Power Company has the right to store 17,500 acre feet in Independence Lake, 9,500 in Donner Lake and the rights to the use of water from Lake Tahoe and Boca Reservoir. The rights for the use of water from Lake Tahoe and Boca Reservoir are governed by the court decree which says, "You shall use Lake Tahoe and Boca water to maintain a flow of 500 cu. ft. per second at the state line. And, that 500 cu. ft. per

second is to provide the water for all the users downstream including water that goes to the Fallon area. The Power Company has a right under the decree for 40 cu. ft. per second of that 500 in addition we have rights to some 27,000 acre feet which were purchased from irrigation rights when the land use changed we purchased the right and transferred it into the municipal system.

Mrs. Westall then asked at which point in the Truckee do you take water out or is there more than one.

Mr. Layden replied that they took water out in three different places. They take water out at what is known as the Steamboat Ditch, the Highland Ditch and they have a pumping station at Idlewild Park.

Mr. May asked if there is water loss in these ditches.

Mr. Layden said there is some loss, but it goes right back to the river. The ditches run right along the river.

Mr. May then asked what the distance was from the point the ditch leaves the Truckee and the point to where it goes to the treatment plant.

Mr. Layden replied that it is about 18 miles on the Steamboat Ditch.

Mr. May made the comment that the water travels 18 miles along an unlined dirt ditch to get from the Truckee River to the plant.

Mrs. Westall asked if you could use the full amount of water rights that you have in a normal or average year.

Mr. Layden said no, that they normally don't use it. They use the right to divert. In the months of July and August they come very close to the rate of flow that they're allowed to divert under they're rights.

Eldon Dobbins, representing Sierra Pacific Power Company, testified as follows: We've heard a number of support here this morning and I also have heard the statement that the water use in the Reno-Sparks area is extremely high. This is a very accurate statement. I would like to relate to you some of the numbers, though, that we have accumulated for our system. I'm looking at a report that was prepared by Sierra Pacific in 1976. And it is my understanding that a copy of this was made available to the Washoe Delegation, so I assume it is available to the Committee for those who would like to refer to it. In this study we looked at a 20 year period, historical period, starting in 1940 and going in 5 year increments till we reach 1960 and then taking all the years through 1975. This study revealed the average day use per customer and in the Reno-Sparks area was 1231 gallons per customer. I might clarify this just a little bit. With our system the way it is, we have no way of separating different classes of customers.

We measured a total input to our system and compute this value by knowing the number of customers or the average number of customers for that particular year.

Mr. Robinson asked Mr. Dobbins if he was referring to customer as one person or one account, because a customer may be a household of a number of people.

Mr. Dobbins said that further complicates the counting procedure because we have number of customers, for instance; we serve the Sun Valley Water and Sanitation. That on our books is one customer, but there may be several hundred actual residents or dwelling units in that one customer. This is true also of many apartment complexes. They will take one or maybe a few services to do their own internal distribution and serve many dwelling units within that complex. Trailer Parks use the same technique. But, going on, using that 1231 per customer this would compute to approximately 330 gallons per person. You using this same information, this same report, the ration of the average day to the peak day is about 2.1 for times. Therefore, the peak day for a customer is something over 2600 gallons per day and the peak day for personal is something like 700 gallons per day. In 1976, looking at one year, the minimum day input to our system was about 20 million gallons per day. The maximum day input was something over 80 million gallons, giving a ratio of minimum to maximum of about 4 to 1. We don't know exactly what the impact of water meters will do as far as a saving is concerned. You can look at a great deal of literature that's published on different areas that varies appreciably. We are estimating that the saving by water meters would amount to something in the neighborhood of 20 to 30%. We are using 22 1/2 for our present calculations. Utilizing this 22 1/2% and applying that to the peak day use in 1976, this would amount to a savings something in the neighborhood of 18 to 20 million gallons per day. I'd just like to make one further comment regarding the water system. As I mentioned, the average day use on annual basis was 1231 gallons per customer. Approximately 50% of the water that we put into our system on an annual basis has to go through the Reno Sewer, Reno-Sparks Joint Sewer Plant. Just about 50%. That's all I have.

Mr. Greenbaum then said he thought this puts it into perspective as to how much water we can save on a normal basis which then can be available for storage upstream. There are other factors that are just as important from a monetary standpoint or even more important as far as the consumer is concerned. The water conservation is 20 million gallons per day on a peak day. It's important to realize that every bit of this use is treated water, so that if you are saving 20 million gallons a day, you are saving the treatment costs involved with that amount of water. We have estimated that if we are able to conserve this 22 1/2%, we feel there is no reason why it wouldn't be, that just the treatment costs alone, will run and save the consumer approximately a quarter of a million to 300,000 dollars a year. In addition to that, as it was previously mentioned, this would delay the need for a water treatment plant, and

our estimate has indicated that we will need the additional capacity the next 25 million increment in 1987. By having water meters, saving this amount, that treatment plant can be postponed until around the year 2000. Now this means a saving in an installed cost of that treatment plant as we've estimated of at least seven million dollars. By 1987 it may be considerably more than seven million dollars. Now what's the impact on the consumer? On seven million dollars you would need revenues to cover that cost of about \$1,400,000. So in addition to the saving of a quarter of a million, three hundred thousand in water treatment costs, you're talking about a saving to the consumer of a million and half, starting about 1987 to the year 2000. An additional fallout from this was Eldon mentioned that 50% of the flow goes back through the sewage treatment plant, so I'm not a sanitation engineer, but I'm sure that the reduction in flow must have some operating costs involved, and probably capital costs too. So that would be a fallout from the savings from the use of water meters. Earlier one of the people testified and commented and I think that Assemblyman Craddock mentioned that a water meter is an equitable way of charging a consumer for water actually used. In the rate cases that we've been involved with, we have had many people come in to testify against the rate increases, stating that they use little water. These are generally the senior citizens, people on low incomes, people with small yards, and they say that they use little water, but that they're being charged the same as everybody else. And, I agree with them. I think that the only fair and equitable way of charging for water is based on the amount of water used. It isn't going to change the total number of dollars that the company is going to require in order to make the proper rate of return, but it will redistribute it so that the individual that is using little water is going to pay the smaller bill, the individual who uses a lot of water is going to pay for the amount of water that he consumes. And if an individual chooses to waste water, then he's going to pay for it too. So I think that water meters are the appropriate way of charging the consumer. The rates are subject to the jurisdiction of the Public Service Commission and they would certainly see to it that they are properly set and allocated between customers. There's been a lot of concern expressed in the news media about who is going to pay for the water meter and whether or not this is actually a means for the Power Company to increase its earnings and rate of return. Now I can assure you we don't want to own the water meters, and we are working at methods of financing it so that it will reduce the burden on the individual. We have been in contact with Senator Laxalt's office. We are looking into the possibility of obtaining Economic Development Act funds which would provide for the financing of the majority of costs for the installations. We think that working through the Washoe Council of Governments we have an excellent opportunity to finance this entire project. If we are unable to obtain these federal funds we would support an assessment district as has been proposed by Mr. MacDonald, wherein the payout for the water meters would be over a period of 5 to 10 years, and with an average cost of approximately \$300 as we have estimated. This means \$30 per year per customer on a ten year funding plus interest.

So the impact would be minimal. Assuming that we can't go with the assessment district, then we would suggest that this would be financed through tax exempt securities similiar to the tax exempt securities we issued to construct the water treatment plant, and we would put this into a fund with a repayment over a five or ten year period similar to what a water district would accomplish. That way the cost of water meters would not be investment based, they would not be earned on, they would belong to the individual customer and I think that is very properly where it should be. In summary then I would support this legislation on the basis that it does give us a source of supply for storage capacity upstream, it reduces the impact on the consumer in water treatment costs and saving immediately as you put in the meters and you save on the amount of treated water being served, you are immediately saving on water treatment costs. Ultimately you are going to be saving the consumer a substantial sum of money because of the delay of the postponement of an additional water treatment plant. Offshoot of it, of course, is the reduction on the, or the impact, on the sewage treatment facility for the cities of Reno and Sparks. I think it is the only equitable and fair way of setting rates so the person will pay for actual water used. I would support the bills as initially introduced. I think that this is a real opportunity for the committee for the legislature to respond to a problem that has existed for a long period of time to put in an amendment which would give the right to the cities or the county to determine whether there would be metering allowed within the respective areas, I think, ignores the total overall question. All you would be doing is taking the burden off of the legislature and putting it elsewhere. There are times when legislatures or governmental bodies take a real far-sighted approach that is very beneficial to the public as a whole even though at the time it creates a tremendous amount of opposition and I can think of one in particular and that is the water supply for the City of Los Angeles. Way back in the early 1900's somebody there had the foresight to acquire water rights to propose a system which if they did not have right now, I am sure you would all recognize, they would have some real problems. There was a lot of ooposition to it, but they still went ahead and did it in the best interests of the public. I think that this is something that we need here right now while you have the opportunity to do so.

Mr. Murphy made the comment that one of the main objections we have received to this legislation is people don't care so much about water meters, but, and you are well aware of the public relations problem the company has, we don't care about water meters but we don't want the power company to handle it. We don't want the power company to control it. We think, as alluded to, that the power company is going to make money off it, etc. I think it is important to point out the water rights to the Truckee are held by Sierra Pacific Power. He asked if that is correct.

Mr. Greenbaum replied that yes, some of the water rights are held by Sierra Pacific Power Company.

Mr. Murphy then asked what percentage that would be.

Mr. Greenbaum asked if he was speaking of the rights of all the water that Sierra Pacific Power used.

Mr. Murphy said he was speaking of the percentage of the Truckee River that the Power Company holds.

Mr. Greenbaum replied that the total amount available for all uses is in the neighborhood of 10 or 15% of all of the Truckee River rights. The best way he could get at it was to say that the 500 cubic feet per second coming into the Truckee Meadows is for everybody's use and on their maximum month they would average about 20% of the 100 cubic feet per second.

Mr. Murphy then made the comment that the whole problem is the people don't care about the water meters, but they don't want the power company to handle it. He asked if Mr. Greenbaum had any kind of response to this.

Mr. Greenbaum replied that they don't want to own the water meters. They feel they can probably install them at a much lower cost than the people could individually, and if they went this route, he thinks, as Mr. McDonald suggested, that the county, if it is an assessment district, would contract with the company to install meters but they would never own them. The only thing that they would do, is to read the meter so that they could make a billing, and in the best interest of the consumer it would be a lower cost to them, and Sierra Pacific Power would maintain the meters, but that would be all that they would do.

Mr. Murphy then made the comment that meters would become part of the real property of that home or business. It would not be the kind of thing that when someone moves they would pull out the meter and take it with them.

Mr. Greenbaum said no it would not be like that.

Mr. May was concerned about the dirt ditch situation. He asked if there had ever been a study or any written documentation prepared on the cost that might be involved in lining ditches or in narrowing the size of them, or somehow protecting them against water evaporation or water loss either through evaporation or seepage.

Mr. Greenbaum said he was not aware of any kind of study. He also commented that Sierra Pacific does not own all the ditches, but they do own the Highland. Idlewild pump station is not a ditch, they are pumping directly out of the river. The Steamboat ditch is owned by a corporation which consists of the water user on that ditch. They are all stockholders and Sierra Pacific uses this ditch for a small portion of their use by agreement with that ditch company.

After a question from Mr. Craddock, Mr. Greenbaum replied that since Sierra Pacific Power uses something in the neighborhood of 45 thousand acre feet of water per year, it would only take 4 1/2 inches of water off the top of Lake Tahoe to supply the entire Washoe Valley needs.

Mr. Jacobsen made the comment that Mr. Greenbaum said Sierra Pacific Power would read and maintain the meters. He then asked if the maintenance part would be billed back to the customer if the meter failed.

Mr. Greenbaum replied that there would be a number of options there. They could either bill the customer directly if they maintained his meter or they could operate on the same basis as they do in setting all rates. This is part of the total overall cost and all customers would then share through rates.

Mrs. Westall asked why all the storage areas were so low. She couldn't understand this because Sierra Pacific Power has the capacity to store with the dam that they own and they are not even using all the rights that they have now.

Mr. Greenbaum replied that they operate these storages along with all the other water users on the system and it is set up so that you have to maintain this flow of 500 feet per second. He is speaking of Lake Tahoe and Boca Reservoir. Even though Sierra Pacific is not using their full right at certain times of the year, the water stays in the river for the other users. Sierra Pacific can save water in the high demand period that they normally would be drawing from Independence Lake, because they have full control of Independence Lake. But they don't have full control of the other reservoirs. It's jointly controlled with all the other water users under the court decree.

She asked if Independence Lake was full.

Mr. Greenbaum said that it wasn't full, but it had 12,500 acre feet in it.

Mrs. Westall asked if that was a lot or is it just about full.

Mr. Greenbaum said yes, that it holds 17,500 acre feet.

Mrs. Westall asked how much the additional cost would be and what would they need if the meters were put in. She also asked what else would have to be done and how much it would cost.

Mr. Greenbaum replied that meter reading would be done in conjunction with reading of gas and electric meters. This would be just an additional read and he wasn't sure of the cost, because they would already be reading there anyway. The only other cost would be the maintenance of the meter. He then asked Eldon Dobbins if he had any idea of how frequently meters had to be maintained.

Mr. Dobbins said he talked to other companies that had the meters. He talked to Carson Water Department very recently. Carson Water Department had theirs on a ten-year maintenance program. That is, ten years they have to pull a meter, check it, test it and reinstall it. They have periodic problems. Water meters are very sensitive to the sediment, sand or anything that may be in it. They have to periodically flush a meter when it gets jammed. As far as Mr. Dobbins knows, Carson Water Department is on a ten-year change out and testing. Complete testing of each meter is a pretty standard practice in the industry.

Mrs. Westall asked how much of a savings we are getting from the conservation methods that we are now instituting such as shower heads, etc.

Mr. Greenbaum replied as follows: "First of all, I don't have any specific figures on that. I have seen some figures published on it. I don't really know that you can depend on that savings. It just seems to me that it may result in a savings while we are extremely short of water. But I am just wondering if it will continue after the actual crisis has passed. I couldn't answer that question myself. I don't know."

Mr. Murphy commented as follows: "I see the need to consider this legislation as quickly as possible. One of the very real problems that we have is the timetable. Not to make predictions, but I would say that I would be surprised if this Legislature goes beyond the end of April this year. So we are looking at a very short period of time before the session is over, if this legislation is to be acted on one way or another. You see the timetable here being very, very critical on water meters or is it all going to be midpoint. In other words, we pass the legislation, allow local governments to act on it, and then we are looking at a period of time that actually begins installing water meters, first of all get the bonding questions, securities, assessment districts, whatever methods going to be used, and start moving on it. Are we under the timetable whereby we have a possibility of say by the end of August to actually have water meters in and functioning, or is this totally unrealistic? In other words, can what we do today or in the next couple of days on this legislation directly affect the problems that we are going to be facing this summer and this fall?"

Mr. Greenbaum replied as follows: "I think it's extremely important that action be taken now. We can't really conduct any studies or go out and obtain any figures as to costs of meters if we have no assurance that we're actually going to be able to put them into effect. If we have to go back to the cities to get further approval, we're going to have to wait to try to arrange for the financing, to try to arrange for the actual installations until that approval is given to us. I think that it would be more effective to repeal the legislation as it exists, give the Public Service Commission the power to hold the hearings and they can do so quite quickly. Each of the governmental entities are going to have the opportunity to testify and if they can convince the commission at the time that

it is not in the best interest of the public, I am sure the commission would take that approach to it. But, if we delay, get approval subsequently by the different governmental entities and then have to come back to the Public Service Commission for hearings with respect to the installations. It's just going to be awfully time consuming. I think we ought to move at it just as fast as we possibly can."

Mr. Murphy commented as follows: "If we pass the legislation as it is written without amendments, it gets through the Legislature perhaps even as an emergency measure, kick it out, allow the Public Service Commission to go ahead with the hearings, the hearings are over, the Public Service Commission makes its determination whether or not the meters will be required and specifically Reno-Sparks, then we go ahead with that, is that going to have any effect on our current problem or are we really looking at what will we do? Are we talking about being able to have water meters in by the end of August?"

Mr. Greenbaum replied as follows: "No. This is a long-range approach. It has to be looked at from the long-range point of view. Even if you repeal that and gave it to the Commission to put in water meters right now, it's still going to have to go to the Public Service Commission hearing, which takes a little time. It takes us a little bit of time to get out plans all developed and the method of installing set. We would propose to approach the installation of meters in commercial establishments first and then subsequently in the residential areas. All told, we are talking of a time span in the neighborhood of five years, but we have to look at it as a long-range program and a long-range approach to the water problem in this area."

Mr. Murphy said that in essence what Mr. Greenbaum is saying is that if this legislation moves as quickly as possible to the Public Service Commission, which he is sure it would, all things would go only on the road. That it would be very likely that we would get water meters installed say within a year.

Mr. Greenbaum replied that commercials possibly, but not residential. You couldn't possibly put them in that fast.

Mr. Murphy said if that was correct, then why the press on time on whether it be one year or five years in terms of whether the decision to go ahead with it is made by this body or by the local government bodies. The problem we have is that every time you have a bill relative to the cities and counties, people in the cities are in here speaking very strongly about home rule and about their own ability to make decisions on the local level, etc. I have heard a great deal of support. There are certainly no objections. I don't know if that was just the early hour or the presence of the Governor, but if there was a time to object, I assume it was then. I really question the interest of the local governments in terms of their absence today at this hearing specifically representative of the Reno Council and Sparks Council. As those are the main people who are affected. It

is my personal feeling that whatever is the best way to work with this legislation in terms of getting something on, I felt the timetable was a little more soon than what you indicate. Apparently, it's not, and I feel that the local governments with their strong feeling for home rule, etc., should be allowed to make their own decision on this thing. The big thing that you can learn from the people in Washoe County is "Don't make any decision without our input." And one argument we've had also, is "Once the Legislature makes a decision; you're gone for two years. There is no kind of recourse, there is no kind of alternative position." So I would just like to reiterate that I feel it's important to allow the local governments who have indicated support of this who if they renege upon the installation of the meters, are essentially changing their minds in lieu of the process. I have another question in terms of the electric gas meters, who would own those?

Mr. Greenbaum said Sierra Pacific Power owns them.

Mr. Murphy said the water meters would not be owned by the power company.

Mr. Greenbaum said Sierra Pacific Power would propose that they not be owned by them.

Mr. Jacobsen asked what population can be supported in the valley on the basis of unmetered services that we have now.

Mr. Greenbaum said that on the basis of the water available, something in the neighborhood of 400,000 people.

Mr. Jacobsen said that what he is trying to point out, is down the road a ways would you be thinking in respect of water meters, even though there was a normal supply on the hill.

Mr. Greenbaum replied as follows: "Well again, I think we would have to look at the peak loads that are involved and although we have the water to supply 400,000 people in the area, can we do so on peak? Which would make it extremely difficult. This is what the water meters will cut. It will cut the peak by that 22 1/2%. So it does make it available for a much greater period of time.

Mr. Craddock made the comment that he got a distinct feeling that the stronger the action they took pushing for conservation measures, the better position they would be in to talk to California about lowering the level of Lake Tahoe. He asked if he was correct in assuming that.

Mr. Greenbaum said he was absolutely correct. Not only that, we would be in a better position to work with the Department of Interior and the Bureau of Indian Affairs in obtaining storage capacity upstream.

Mr. May commented that you find the Legislature more receptive to your ideas than you anticipate local governments would be.

Mr. Greenbaum replied as follows: "Not necessarily. I think local government would be very receptive and should be particularly in view of the sewage problems that they have. However, I am thinking in terms of time, plus the fact you may find one entity that will say yes another one will say no. We may have meters in the county, no meters in Reno, meters in Sparks and so forth, and we will not have accomplished the real purpose of this."

Mr. May commented that the problem as it exists is not a local item, it is one that exists only in Reno, or only in Carson, or only in Washoe. If local government is to be responsive, they have certainly indicated to this committee in the ten years that I've been here before this. They are closest to the people, better positioned to gauge their needs and desires, and as the Chairman has indicated, they give us the authority, we'll handle our problems.

Mr. Greenbaum said his concern is to try to implement this just as quickly as he can, and time, he thought, is of the essence in order to get moving. He commented as follows: "If we are going to be financing, for example, and searching for these federal funds, there is a time limit on how long those funds are going to be available by when you have to make an application, and that may pass by us before we are ever able to move and it would then mean that each of the consumers would be faced with the burden of the cost of the meter. Whereas if we are able to move and move fast, there is that possibility of federal funding. All these things I think enter into the picture, and again, we would certainly like to be able to move just as quickly as possible. There is really no advantage to the power company. I hope I make that clear. We are not going to be earning more as a result of this, and we don't intend to approach it from that point of view. We are looking at it from the benefit of the consumer, and again, we are going to save on the basis of treatment costs. We are going to save on the basis of capital costs on treatment plant, and so forth. And I think it's awfully important for their benefit."

Mrs. Westall asked if there was a possibility of decrease of water rates.

Mr. Greenbaum replied as follows: "No, because a water business by its very essence is a fixed cost business, or fixed return business, you only get X number of dollars. Let's say \$11.05 to supply a 3/4 inch service. Now you don't increase the amount of revenue from the particular customer if he increases his usage, although under the meter situation, he would. However, your costs of operating do increase your labor, the cost of chemicals, and so forth. So it's a declining rate of return business. So by the time we are able to effect some savings as far as water treatment costs are concerned, we will have incurred additional costs for labor, for other materials and supplies, for chemicals, so what this would do is minimize the need for additional rate relief in

the future.

Mrs. Westall commented that that is going to equal out as far as the consumer is concerned; it's really not saving.

Mr. Greenbaum said, "It's a savings to him. He isn't going to have to pay later. If you don't save it, that means in addition to the current costs, he is going to have to pay for that cost that had not been recovered. In other words, if we don't go the water meter route and we don't save on these chemicals and so forth, he's going to have to pay that additional amount. But by having this saving, it's going to delay the time when he's going to have to pay this additional amount. Same thing with the insulation of a treatment plant. By postponing it, you delay the time you have to increase rates to pay for the cost of the treatment plant. You don't see it in dollars saved right now, but you do see it in dollars later on."

Mr. Hardy testified as follows: "Mr. Chairman and members of the Committee, I am Heber Hardy, member of the Public Service Commission and Kelly Jackson, director of the Consumer Affairs Division of our agency, is present here with me this morning. With minor exceptions, and to save time, I would agree almost 100% with what Mr. Greenbaum has said regarding particularly two areas. That area being the possibility and almost certainty of conservation to some degree or another, he gave them 20 to 30% range and to the extent that any substantial conservation can be obtained through the use of water meters. This Commission is on record. A portion of one of our recent decisions was entered in the record a few minutes ago by Mr. McDonald. We are on record in support of watermeters as the only fair and equitable basis upon which rates can be established as between customers and we are on record as well, and support that any measure which would conserve a precious natural resource such as water and make it available to more customers. I think that's a economic fact of life if you're in a growth area. You must make some provision for those who are coming after us. We can be short-sighted. I think that without stepping on toes I don't know who secured this special kind of legislation back in 1919 or whenever. I don't know the purposes of why it was obtained and I understand that it has been found not only unconstitutional, but I don't think its a fair and equitable basis upon which water should be sold to any customer in the State of Nevada. As to the suggestion by Mr. Murphy the Chairman and Assemblywoman Wagner that the triggering of watermeter devices in the Reno-Sparks area, only be after an application by the political entities who are affected. I assume that would basically be Reno and Sparks, cause I don't believe there is a prohibition on the County of Washoe. I would like to make a suggestion in that area which I believe would resolve some of the problems. The local entities, in times past, have not been shy about appearing before this Commission. They have been there with considerable number of people, experts, that are attorneys, and as I say they have full opportunity to appear before our

hearings, and they are not shy about it. I'm sure that there input would be felt, in any case where a hearing was held before the Public Service Commission regarding the installation of meters and charging rates through the use of water meters. The problem I see with requiring it to come from the political entity, an application from the political entity, is again as Mr. Greenbaum pointed out no assurance that there would be any timely action taken by local entities. Secondly, if they make the application, it may be their burden. I don't know what form they would take. If they make the application, were restricted to whatever they apply for. If they haven't done it in full concert with the Power Company, it may be the Power Company would end up being in opposition to certain portions of it. You might find yourself in a contrary position. The Power Company is in the best position, in my estimation, for putting their numbers together to making initial application and then any other party, including the Commission staff, the City of Reno, the City of Sparks, the County of Washoe, any individual, and as an individual member or group of individuals may appear, challenge the testimony in evidence put on by the Power Company, make presentations of their own and then with all of the evidence on the record before the Public Service Commission, I believe we're in a better position to determine the time table for the installation of watermeters. The rates which should be established for the different sizes of services and the different sizes of meters necessary to serve the different service. All these things must be considered eventually anyway. I'm afraid what it might amount to if you have the local entities proceed first, is they may want to go through some sort of hearing procedure themselves before they make an application, I think which would be a further time problem and a further complicating factor. I don't wish to get crosswise with the local entities, but to my knowledge except when the City establishes a municipal water company, the municipalities have no responsibility, nor jurisdiction over water service as it stands now. The City of Reno and Sparks basically, we have the basic responsibility, and having the basic responsibility, I respectfully do not agree with the idea of giving some portion of the jurisdiction over water companies to the local entity and leaving the remainder with us. They want us to take the portion where we take the heat and they want the portion where they have control of certain areas. We're willing to take the heat, we're willing to receive an application by the Power Company and I think that I can interpret from what Mr. Greenbaum said today, that if merely the act itself which prohibits the use of watermeters was repealed by the legislature, I think we could expect, and I'd ask Mr. Greenbaum to correct me if I'm wrong, an application will be made within a reasonably short period of time as soon as they can put some numbers together to the Public Service Commission for the installation of meters and charging rates through meters, and hopefully a proposal or plan for phasing in on a reasonable basis, the different classes of customers, so we don't have to wait until every last meter is installed before we begin to implement the rates. I don't know how much time it would take to put it together. I don't think it should take more than ninety days. I

would suggest even a shorter period of time that they can make an application. Because I think they have done alot of their home-work already just for this particular hearing. So I strongly recommend that the legislation as originally proposed either be accepted with minor changes because I see a couple of problems or merely repeal the statute and leave it up to us to begin to process an application and have full opportunity for hearing anybody who wants to appear, including the local entities. And get this thing off the ground. I think we've waited sixty years too long."

After Mr. Murphy asked whether Mr. Hardy preferred to have the bill passed as it is or just repeal the prohibition, Mr. Hardy said that a simple repealer would be simplest for the PSC. Mr. Murphy asked if it is simply repealed would that be enough for the PSC to proceed. Mr. Hardy replied: "Absolutely, we have three ways we can proceed. First by application of the company, second is upon complaint of any consumer that the rates are inequitable, discriminatory or preferential. As it stands now, the law prohibits us from even looking at that question in this case, and I think that that would be one of the first things that some consumers would do, is to file a complaint if this repealer was passed. I don't think that thats the best approach because the complainant then has more of a burden. I think the company should have the burden, of proving the application. The third method is sometimes tied with the second one, but without any complaint, the Commission has the power under the current legislation on our own motion to open up any area for investigation. This would simply direct our staff to open it up for investigation and then it puts the burden on the Commission's staff. Again I suggest it would be more cumbersome, more difficult to do it that way than the way which I'm recommending that the Power Company go on record as stating its willingness to file an application to get it off the ground."

Chairman Murphy commented: "Mr. Hardy, I'd like to clarify in my own mind, if we used the section in NRS278 not to require the PSC to require certain utilities to install meters and we simply repeal the prohibition against watermeters in Washoe County, then it is my understanding that the PSC could proceed with one of the three steps you have outlined?" Mr. Hardy replied, "We think that's the more appropriate way. Any regulation adopted we suggest you not go the regulation route because that's time consuming, because we have to go through the administrative procedure act, so we suggest that if you stay with the act, or amend it this way, that the Commission may by order require public utilities to go the watermeter method. We would suggest that you take out ~~that~~ provision for the certification of people installing meters, we don't have anything to do with meter installation. There is a series of problems in trying to certify watermeter installers. We vitally object to that provision. In going on, we suggest then after deleting that first one, that the language be changed as follows: ' Approval by the Commission of a schedule filed by each public utility from installing such meters or devices, which conforms to installation priorities established by the Commission, first among commercial and industrial customers and then among residential customers, then we suggest if this language is used,

provided however, that watermeters shall be installed at the time the utility establishes any new service connection to any customer in any class of service.' We think we can do that through an order of procedure without it being in the legislation, but if you don't do it that way, then you have a situation where you have new people looking up going to the expense of providing for a flat rate service then later on coming back and digging it up and putting a meter in. That doesn't mean that it will begin to charge meter rates, it merely means that the meter will be there so that when we do get to that class of customer then you can begin to charge them through the meter rates. If the chair so desires, I would request that you ask Mr. Greenbaum whether or not he is willing to state for the record in this hearing whether they (Sierra Pacific Power Company) would in fact file an application to go to the installation of meters and to establish meter rates. And certainly we would welcome inclusion in that a proposal for phasing in, we recognize this can't be done over night, and we would recommend the procedure talked about here to go by the classes of customers, once they classed the customers and the meters have been established, then we charge the meter rates for that class of customers then move down til we get to residential class of customers. "

Chairman Murphy asked if Mr. Greenbaum had heard Mr. Hardy's statement; he replied that he did. Chairman Murphy then asked if Mr. Greenbaum would like to respond.

Mr. Greenbaum replied as follows: "Yes, on behalf of Sierra Pacific, if the current legislation is repealed, we will be ready to move immediately in filing an application within the thirty days I would say with subsequent additional information supplied to the Commission within the next sixty days as to how we would proceed in detail. So that within the thirty days there will be an application before the Commission. Within a total of ninety days we would have all the supplementary data and everything else that goes with it."

Chairman Murphy continued: "In terms of the time table we've been talking about, in either option, in going through the legislature or turning it to the PSC, with all the legislation we have compiled, that we've developed here, or returning the responsibility to the local government to make application, is it, in your opinion, by simply providing a repeal and by indication that Sierra Pacific would proceed with an application to the PSC, would indeed that be the fastest?"

Mr. Greenbaum answered: "Yes, the fastest would be to repeal the existing statutes and then we would immediately file our application and during the course of this period of time we would also be in contact with the governmental entities as to funding of the meter costs. So that they would be involved with it right from the outset."

Mr. Hardy then said, "Can I make one other quick point as to why I suggest you should not get to much detail in legislation? The suggestion right now is that approval by Commisison of the Rate schedules, which are applicablè to customers for the water meter is fine, but based upon actual water usage; this is a, Assemblyman Westall brought up the point of Sun Valley, we presently have a two part rate in that we have a demand charge, as a basic charge for a certain size meter. A certain size of a pipe servicing a particular home, 3/4" as opposed to 2", the 2" puts a much greater demand on the system, and there fore we have the opinion they should pay more than merely the price of the water itself. In that particular case in Sun Valley we do have what we call a demand charge which is a fixed amount, and then in addition to that they pay for the actual amount used. So if you go to the legislative route, at least we suggest that you add the language 'and such other factors, including demand, as the Commis-sion deems appropriate' but the basic charge being to the water consumer. That is the major amount of the charge being to the water consumer. We think that if a person has a 2" line, for instance, since it puts such a great demand on the peak days, as compared to the 3/4", this should be a factor. I can give you a copy of our suggested changes if you go this route. (THESE AMENDMENTS ARE ATTACHED AS EXHIBIT 7) But my basic recommendation is to merely repeal the act and not put too much in the legislation by way of specifics because I think this may tie the hands of our agnecy and inadvertantly cause a situation which would not be appropriate. We think that everyone will have the input, consumers and everyone else, and that is where we ought to hear what specific provisions ought to be in the rates that would establish."

Chairman Murphy asked Mr. Hardy his opinion of the other pieces of legislation regarding water meters. Mr. Hardy supported A.B. 439; said that A.B. 440 would be helpful to permit other forms of financing or assistance by the county and he supports that principle. Mr. Greenbaum interrupted and said that we need to open avenues of financing and he supported this bill. Mr. Hardy continued by saying that he supported the Principle of A.B. 443 but they don't want to get to the point where they tell local governments what specifically to do. He supported A.B. 445. The only other comment Mr. Hardy wanted to make was that he was not necessarily in concurrance with the idea that Sierra Pacific should not own the water meters. There is some danger in having someone else own them; SPP should be responsible for them, they should maintain them, if there are plans made whereby they can obtain them and then have them contributed to the company where it does not go into the rate base for earning purposes, the PSC would like to hear that, it would be very appropriate. But there could be some problems. PSC would like to hear both sides of the issue before they would concur with the idea that SPP shouldn't own the meters. There is a difference between owning meters and being able to earn on them. IF SOMEONE ELSE HAS PAID FOR THEM, THEN SIERRA PACIFIC CAN'T EARN ON THEM.

Chairman Murphy asked Mr. Hardy, "if we were to go through and simply remove the prohibition on water meters, then you, under the administrative authority you have under the law, would be able to proceed with holding public hearings on meters in Washoe County and upon conclusion of that hearing you would be able to take action either in favor or in opposition to requiring the utilities in Washoe County to move ahead with water meters, is that correct?" Mr. Hardy replied that that was correct, but that it wouldn't be limited to Washoe County.

Chairman Murphy commented that the broad power of the PSC was not taken into detailed consideration when these bills were drafted, or there might not have been a need for the detail in the bills.

Assemblyman Westall said to Mr. Hardy that it appeared to her that there is about a 100% chance that with this law the PSC will allow water meters, all Sierra Pacific has to do is to make an application.

Mr. Hardy replied, "the PSC is on record in favor of water meters. The big issue would be the rates to be established and the implementation of phasing in, and who would bear the cost, and that sort of thing. Those would be the major issues. That isn't to say that upon presentation of evidence that would convince the Commission that water meters are not the best way to go, that the Commission would not have an obligation to consider it and if the evidence is overwhelming, I think we could be upset in the courts if we did not consider it and make a decision according to the evidence of record. We have to abide by the substantial evidence test. My problem is that I have yet to hear any substantial reason to not have water meters. I have not heard one valid or rational reason for not having water meters. Water meters are the best way to go and the only equitable way to charge for water. If somebody presents evidence contrary to that, we have an obligation to consider it and if we fail to meet the substantial evidence test then we are not the final say. We might have broad powers but we are not the final say." (referring to the courts)

Kelly Jackson, Consumer Affairs representative for the Public Service Commission commented, "I think one of the things that have happened in the past, I know I have testified on water meters and this particular law and I have tried to maintain a neutral position that what we would like to see is the law changed so that we can explore what the public interest is. And when you present those sort of neutral types of presentations it doesn't have any real effect as to demonstrating why there may be a need for repealing so that you can open it up for investigation. That is the Commission's point at this time is that there appears to be factors that indicate that the public interest needs to be explored and under the present law we can't even explore the public interest. Certainly as Mr. Hardy has stated, the Commission's

final responsibility is to ensure that there is adequate at reasonable rates and that the utilities act in the public interest and whether that would be for or against meters at the conclusion of the hearing it would be presumptuous for anyone to say at this point. But there is evidence that would indicate that the issue does need to be explored further.

Mrs. Westall commented that it appears that the Public Service Commission's mind is made up and that a public hearing would be futile.

Chairman Murphy said he considered such a statement to be out of order in terms of the duty of the Public Service Commission because it is essentially a judicial group. "I think what was presented to us today is that the Public Service Commission in the past had indicated that they support the concept of water meters. I think it is inappropriate to state that they have made their minds up." He requested that Mrs. Westall's question be stricken from the record.

But Mr. Hardy disagreed and said, "My mind is made up as being the most fair and equitable way. I say that because it is already on record, Chairman Murphy. It is in the opinion which was read from a minute ago and I will not back out from what my position is. That doesn't mean to say that at a hearing that I couldn't change my mind. I have been know to change my mind when other evidence is presented. I have to be honest, that's all there is to it."

Chairman Murphy apologized to Mrs. Westall and she continued by telling Mr. Hardy that he seemed to object to going to local entities partly because they would have to have hearings and she submitted that that was the American way and the proper way to do things.

Mr. Hardy replied, "my only problem is that the local entities in Sierra Pacific's jurisdiction have no responsibility nor jurisdiction over the sale of water under state legislation, that is the Public Service Commission's jurisdiction. If you give them limited jurisdiction only to whether or not they want to make application to the Commission to implement water meters, I see no rational reason for that. It is a very limited portion of the jurisdiction over service of water and they can get their input in public hearings when the Commission holds the hearing on the matter.

Mrs. Westall asked if there would be anything wrong with the local entities going to Sierra Pacific after hearings and after the local entities decided that they did want to have meters, and then asking SPP to formulate a plan that the local entities could submit.

Mr. Hardy replied that he hoped that they would do that.

Kelly Jackson said, "to make sure that there is no misconception, if those sections of the existing law were repealed, either city or county would be in a position to then, in the complaint process, come before the Commission and ask the Commission to consider it too. So you don't

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need the specific language to authorize the cities and counties to get before the Commission. My objection goes more to restricting those who have standing to raise the issue. I thought that Mr. Hardy had answered the other part of that. Any preceeding before the Commission is going to go through the public hearing process. At which time there will be full opportunity for everyone to get on the record.

Mrs. Westall commented that she didn't think that the burden of proof should be on the people.

Chairman Murphy reminded Mrs. Westall that Mr. Greenbaum of Sierra Pacific Power Company had indicated that SPP would be filling an application for the use of water meters in Reno and Sparks and then the burden would definitely fall on them.

Chairman Murphy announced that since the meeting had to be adjourned due to other meetings, the hearing would be continued at 7:45am the next morning in the same place and that anyone who wished to testify should attend, because he wanted to give everyone a chance to state their opinions.

Daisy Talvete told the committee that the League of Women Voters of Nevada supported water meters and water conservation methods.

Mr. Leslie Gray urged passed a this legislation permitting watermeters. A statement he presented elaborating his position is attached as Exhibit 8.

Mrs. Westall desired to register a formal complaint that "we are not having a hearing over to Reno. I think if we can go to Las Vegas for something like laetrille, we can certainly go a half hour trip over to Reno to hold a hearing for something as serious as this to the people of Washoe."

The meeting was adjourned at 11:00am. The Chairman again reminded the audience that testimony that had not been presented at today's meeting could be presented the next morning at 7:45am.

Respectfully submitted,

Kim Morgan
Kim Morgan, Committee Secretary

GOVERNMENT AFFAIRS COMMITTEE

GUEST REGISTER

DATE: 3/23

NAME, ADDRESS & PHONE NO.	REPRESENTING	TESTIFYING ON BILL NO.
Bob WARREN	NEU LEAGUE of CITIES	Water Bills
STEVE STUCKER	CITY OF NORTH LAS VEGAS	" "
Robert F. Guinn.	Nevada Am. dr Transport ASSN -	AB 329
RON SMITH	GREATER RENO CHAMBER OF COMMERCE	AB 438
Paul Carrington	SELF	AB 329
Ernie Gregory	Nev. Envir. Prot. Services	AB 438 440 443
HEBER P. HARDY	P.S.C.	AB 329, 438,
CLARK Guild	Union Pac.	AB 329
Tom Lewis	self	Water Bills
CARL SODERBLOM	NEU RR. ASSOC.	AB-329
WINK RICHARDS	MOTOR CARRIER	AB 329

GOVERNMENT AFFAIRS COMMITTEE

GUEST REGISTER

DATE: 3/23

NAME, ADDRESS & PHONE NO.	REPRESENTING	TESTIFYING ON BILL NO.
CYRIL G. HAUSEN	SELF	WATER METERS
JOE BEARD	SELF	WATER METER
Auld Jacobsen	Carson City	" "
Luce B Gray	Truckee River Defense	" "
		874

March 23, 1977

Assemblyman Pat Murphy and Sue Wagner, both of Reno, announced this morning before the Assembly Government Affairs Committee that final determination on whether water meters would be installed in a certain locality would be left up to local governing bodies.

They said, "we feel the installation of water meters is basically a local issue and should be determined by locally elected officials with input from those people affected." Murphy and Wagner stated, "there are other areas of the state that would be affected by the proposed legislation than just Washoe County." "Since different localities have different water problems and needs, we feel those localities should be making the determinations rather than the state legislature", Murphy and Wagner said.

In a jointly prepared statement, Murphy and Wagner announced the following major changes:

A. B. 438 - The Public Service Commission would proceed to require utilities to install water meters ONLY UPON APPLICATION from a local governing body.

A. B. 445 - Would be broadened in scope to include all new construction and would leave the discretion of approval of plans up to the local governing bodies.

The remainder of the bills, Murphy and Wagner explained to the committee, are permissive in nature and thus already are only enabling legislation.

RENO EVENING GAZETTE

April 19, 1910

Page 4, Column 3-4

ONE VIRTUE OF METERS

We have never been able to see the virtue of meters on water pipes. We don't like to feel that even our electricity and gas are being automatically measured up on us whenever we turn the button, and it is with consuming envy that we gaze upon certain houses that are all aglitter all night long, for we know that through some divine dispensation they are heirs to a "flat" rate and know not the nervous wear and tear of bearing in mind the moving finger on the dial down in the basement. But, harking back to water, when we wander over some of the streets, and not how certain good and honorable citizens are so lavish in their use of water that the streets themselves become mudholes through over-irrigation, we are compelled to state that there might be some good in water-meters after all. For of all the bets under the sun there is none safer than the wager that those same good and honorable citizens would never make irrigating ditches out of the city streets if there was a meter registering the flow of every gallon, with the corresponding knowledge that on the first of every month they would have to pay as the water had flowed.

RENO EVENING GAZETTE

March 12, 1920

Page 4, Column 1-2

INCREASING WATER RATES

As the increase in water rates proposed by the Reno Power, Light and Water Company will amount to approximately \$25,000 in Reno and Sparks, all of which must be paid by water users, it is important that both city governments make a thorough analysis of the situation, especially of the operating company's actual physical investment as upon this point the entire question of rates will be determined.

It must be admitted that when the state assumes to itself the right to regulate rates and determine the extent and quality of service of public utility corporations it automatically assumes the responsibility of guaranteeing to such corporations a fair return upon their legitimate capital investment. The state cannot justly claim the former without incurring the latter and this principle will certainly govern in the present case.

While the company disclaims any intent to have the meter measurement installed in Reno its announcement that it may ask for permission to install meters in cases where there is a persistent waste of water upon the part of users, is well worth considering. Certainly the flagrant waste should be penalized but under no circumstances should broad discretionary powers in this direction be left to the company itself as they would contain within themselves the danger of gradually bringing the community under the meter system.

Increasing Water Rates (cont.)

From an economic standpoint there are excellent arguments in favor of meter measurement of the public water supply but in practice the result would be such a parsimonious use of water that half the lawns of Reno would be practically destroyed within one year. The fact that Reno is saved from being, in actual fact, a desert town by a generous water supply, sold on a flat rate, is too well known to deserve repetition. And it is just as plain, if meters should be generally installed, that consumers would use water so sparingly that the green lawns, which are a major factor in making Reno a beautiful city, would famish for lack of irrigation.

The careless waste of water, however, should be checked, and that there is a serious waste must be admitted. Proper notice should be taken of this angle of the situation by the state commission. And so far as the proposed increase in rates is concerned, if the company can show that upon its actual investment in physical property, it is making inadequate returns, it should be permitted to increase its revenues.

RENO EVENING GAZETTE
April 13, 1929
Page 4, Column 1-2

RENO'S WASTE OF WATER

Every time that it has been suggested that Reno water consumers should be placed upon a meter basis in order that those who waste the local supply should be compelled to pay for it a storm of protests has been made, but as long as the present waste continues it will stand as a powerful argument in favor of metering, just the same.

No other city of equal size in the whole county consumes as much water. Every day, according to measurements which have been made by the company and which have been supported by engineers representing the city, more than seven hundred gallons of water are consumed by every one of the city's people. The "consumer," or customer, consumption amounts to more than seventeen hundred gallons daily and this huge quantity is poured principally through the city's sewers to aggravate the sewage disposal problem. If the supply were unlimited the situation would not be so very serious but such is far from the case. Occasionally during years of sub-normal precipitation in the mountains, the shortage becomes acute, but the wastage goes merrily on.

Within two or three weeks the local company, in conjunction with the city's engineering department, will make an inquiry into the situation. If the investigation is thoroughly made, the entire city will be blocked off by sections at intervals, the flow through the mains and the sewers will be carefully measured, taps and other plumbing appliances will be tested, and the causes of the waste discovered. After making proper allowance for Reno's arid climate, according to reputable engineers, the consumption should be not more than one-half what it is now, some say much less than that.

Reno's Waste of Water (cont.)

Strange arguments have been advanced in past years when reputable engineers, acting both for the city and the local water company, have protested against the high consumption rate. It has been declared that the company has sought the reduction only that it might sell a greater quantity for irrigation; that it makes no financial difference to the company how much water is consumed, because nature places the water in the mountains and the company pays nothing for it; that it all finds its way back into the river, anyway, and is not lost. There is just enough truth in each of them to carry conviction with many persons.

To each and every one of them this reply can be made: That the cost of operating the local system increases as the consumption rises, that local water rates must necessarily be based upon operating costs, and that the wastage seriously aggravates the city's sewage problem.

The people of Reno would oppose with all their might the introduction of the metering system. And they should, because there is no real necessity for it. Nature placed just above them a fine volume of mountain water, adequate in nineteen years out of twenty if it is properly conserved, but even so it is too valuable to waste.

RENO EVENING GAZETTE
March 8, 1930
Page 12, Column 5-6

METERS FOR WATER IN RENO AND SPARKS IS CONSIDERED BY POWER COMPANY OFFICIALS

Application for Permission May Be Asked of Public Service Commission Within Few Months; Data Sought Now with Test Meters

An application may be filed by the Sierra Pacific Power Company for permission to install water meters in Reno and Sparks, it was stated this morning by George A. Campbell, manager of the company, who returned today from a trip to San Francisco.

Preliminary to making the application the company will install four hundred test meters in Reno and Sparks and this work is now going on.

"We are considering this step," said Manager Campbell, "because of the tremendous waste of water in these two communities."

He also indicated that the fact that a considerable part of the water which will be supplied the two cities, starting next summer, will come from wells is one of the reasons why the company is considering the installation of meters.

"It will be several months before we still have sufficient data on hand to make a definite decision," he continued. "We are installing the test meters now in order to secure information on which to base a rate for the metered water and to support our application before the public service commission if we make such an application."

Meters for Water in Reno... (cont.)

Campbell said it would be at least five years before the meter installation will be complete in the two cities if the public service commission granted the permit and the company decides to go ahead with the plan.

"We have no data on which to base a compensatory rate for metered water," said Campbell, "and at the present time are completely in the dark. We do know that we cannot afford to pump water from wells to be wasted in Reno and Sparks as it has been in the past."

RENO EVENING GAZETTE

March 10, 1930

Page 4, Column 1-2

WATER METERS

The announcement of the Sierra Pacific Power Company that it contemplates asking the Nevada public service commission for permission to install a water-metering system in this community places upon the Reno government and Reno citizens the responsibility of stopping the waste of the local water supply, upon which, almost wholly, the company's petition will probably be predicated. Unless this waste is removed the company will be able to go before the commission with an almost unanswerable case. The proposed action of the company also requires, as this newspaper pointed out several months ago when the water company began its studies of local water consumption, that a similar study should be made by the city in order that more than one set of facts may be placed before the commission when it is called upon to act.

For many years, and at the present time, the water company has supplied the community with water taken directly from the river and from Hunter Creek, which has been carried to its consumers by a gravity system. Accordingly, it has been an easy matter to successfully oppose all proposals to introduce the metering system, but now that the company is planning, with the approval of practically every consumer, to improve the character of the supply by pumping it from deep wells, the situation is far different, as it may be possible to show that pumping costs will become a factor of great weight in the company's operations. In other words it is apparent that a waste which would not add greatly to the company's operating costs when the water is taken directly from natural streams and carried by gravity, might become most serious when the water is pumped from a great depth and then placed into the mains under pressure.

The people of Reno do not want any metering of their water. In a climate as arid as the one that prevails here a plentiful supply at a low cost is essential to maintain the beautiful lawns that have long made Reno distinctive among Western cities, and whatever may be said to the contrary the introduction of a metering system will result in their deterioration. No matter how much water may be allowed before the minimum charge is applied a very large percentage of the consumers will endeavor to keep within the minimum by "economizing" with water just as they now economize in lighting. This has occurred in every city where metering has been introduced.

Water Meters (cont.)

The fact that the company is now installing hundreds of test meters in Reno and Sparks is evidence of its purpose. As it is a corporation conducted for profit, perhaps it cannot be blamed. But at the same time this city should be equally interested and should, without unnecessary delay, ascertain if the waste by consumers is as great as affirmed and then, if the fault is with them, stop it.

Exhibit 3

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GOVERNOR OF
CALIFORNIA

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THE RESOURCES AGENCY OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

1120 N STREET, SACRAMENTO

January 9, 1962

Mr. W. W. White, Bureau of Environmental Health
Chairman, Nevada Committee on Pumping from Lake Tahoe
Division of Public Health Engineering
State Health Department
Reno, Nevada

Dear Mr. White:

The members of the California Committee on Pumping from Lake Tahoe appreciated the opportunity to meet with the Nevada committee on August 23 for the discussion on the situation as it obtained at that time, relative to the possible need for pumping from Lake Tahoe this season. We are pleased, and I am certain that you on the Nevada side are also, that it has turned out that it was not necessary to take up a specific request for pumping from the lake at this time. However, we are aware that there is still a possibility that drought conditions may extend over into this year and that should such a condition prevail, it might then be necessary for Nevada to extend a specific request to California to permit pumping from the lake.

Aware of this possibility, the California committee has given consideration to the kind of conditions which it would appear necessary to include in any agreement between the two states, upon which pumping would be predicated. These conditions are set out below and I can assure you that we would be glad to meet with you at your convenience to discuss these conditions if you desire to do so. These conditions follow:

1. Any damage to property owners in California as a result of pumping from Lake Tahoe must be assumed by the State of Nevada. The State of Nevada must also assume the obligation of indemnifying the State of California in the event the state is held liable to individual property owners as a result of giving its consent to pumping from Lake Tahoe.

2. All other available storage should be utilized prior to pumping from Lake Tahoe.

January 9, 1962

3. The quantity of water pumped from Lake Tahoe should be limited to the amount required to supplement any other existing sources of water available to meet the minimum domestic and sanitary requirements in the Reno-Sparks area.

4. Establish appropriate water conservation measures in the area served to minimize the amount of supplemental water required, such as metering.

There are other more detailed conditions that would have to be worked out at the time that any request was received for pumping from the lake. However, these other conditions would have to be developed in the light of the specific circumstances applicable at the time.

Since certain of the conditions outlined above might require the enactment of legislation or an appropriation, we thought you would want to have this information as soon as possible, so we are supplying this letter for your use at this time, rather than waiting for some emergent condition. Should you desire to meet to discuss such legislation, it is our feeling that it would be helpful to have the Attorneys General from Nevada and California both represented at the meeting and also the Nevada Department of Finance.

The California committee feels that the most effective way of meeting the situation of drought emergency is to complete the negotiation and adoption of the California-Nevada Interstate Compact. You will recall that the compact draft now under consideration by the commission contains a provision under which a permanent commission could permit pumping under certain circumstances in times of unpredictable shortages in domestic water supplies that are of temporary nature.

However, pending the realization of a compact, we welcome the opportunity to discuss with you, at your convenience, the conditions which are outlined above.

Sincerely yours,

/s/ R. C. Price

R. C. Price, Chairman
California Committee on
Pumping from Lake Tahoe

Exhibit 4

DEPARTMENT of the INTERIOR

OFFICE OF THE SECRETARY

news release

For Release March 15, 1977

INTERIOR REDUCES FLOWS FROM STAMPEDE RESERVOIR

Secretary of the Interior Cecil D. Andrus has reached an agreement with Governor Mike O'Callaghan of Nevada to reduce the flow releases from Stampede Reservoir on the Little Truckee River, about 15 miles west of Reno. Andrus has ordered the flow releases reduced from 50 cubic feet per second (c.f.s.) to 35 c.f.s.

Andrus' action is a precautionary measure, in light of the area's severe and continuing drought, to assure an adequate supply of water for all uses.

As he ordered flows reduced, Andrus urged all parties to accept a seven-point program of water use and conservation recommended by Interior. Governor O'Callaghan has agreed to use his authority and good offices to negotiate agreement among the parties. In addition to the State of Nevada, the other parties involved are the cities of Reno and Sparks, the Carson-Truckee Water Conservancy District, the Sierra-Pacific Power Company, and the Paiute Indians. Under Secretary James Joseph met March 11 to discuss the action with representatives of the Paiute Indians.

Flows from Stampede Reservoir provide water for a fishway used by certain species as they migrate upstream from Pyramid Lake to spawn. The volume and rate of flow is thought to trigger the migration instincts of the fish. Thus minimum flows are necessary to prevent adverse effects on Interior's effort to restore the historical fishery of Pyramid Lake for the Pyramid Lake Paiute Indians. The Lahontan cutthroat trout, a threatened species, and the endangered species, Lake Cui-ui, are among those that use the fishway.

The seven points presented by Interior are that:

1. The parties need to cooperate in assisting the Department of the Interior to recirculate Pyramid Lake water. This includes installation of jet pumps in the fishway to assure the speed and turbulence of the water necessary to attract the fish to migrate.
2. The parties need to agree to divert only court-decreed flows from the Truckee River in the Truckee Meadows area.
3. The parties need to agree to maximum use of Truckee Meadows ground water in lieu of Truckee River flows for the water supplies of Reno and Sparks.
4. Other possible sources of water, including Donner Lake, Independence Lake, and perhaps even Lake Tahoe, should be relied upon to meet Truckee River flow requirements at the Nevada-California border.

(more)

5. Assurances should be obtained that an estimated 50 percent of the water from Stampede Reservoir that returns to the Truckee River following municipal and industrial uses in Reno and Sparks will be delivered to Pyramid Lake.

6. Firm contracts for reimbursement for use of stored water should be obtained from the Sierra-Pacific Power Company and the Carson-Truckee Water Conservancy District.

7. The involved parties should agree to take all reasonable actions to conserve water.

Includes Water Meters

x x x



THE SECRETARY OF THE INTERIOR
WASHINGTON

Exhibit 4a

March 7, 1977

The Honorable Mike O'Callaghan
Governor of Nevada
Carson City, Nevada 89701

Dear Mike:

Thanks for re-arranging your schedule last week so we could discuss the Stampede Reservoir issue before you left town.

As I promised at our March 2 meeting, the flow releases have been reduced from 50 to 35 cubic feet per second as recommended at the March 1 Reno meeting.

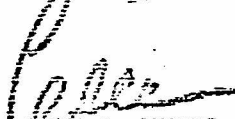
Concerning the seven points which the Department of the Interior presented at the Reno meeting, I appreciate the fact that you do not have the authority to negotiate them for the parties involved. However, I value your judgment that points five, six, and seven should present no difficulty. Furthermore, I have passed along your observations on the first four points and assured Department personnel in Nevada that they can count on your assistance in negotiating all seven points with the parties involved.

In response to your second request, I have instructed Department personnel in Nevada to forward to me all reports on the fish experimentation study. The Solicitor's office will review all the material with the Department of Justice. I will then forward to you all materials which the Department of Justice allows.

Our meeting last week represents an important first step in the State of Nevada and the Department working closely together to resolve a mutual problem. If we can see this one through to a successful conclusion, I anticipate we will be able to work together in a similar manner on other problems - hopefully before they reach this stage.

With best wishes.

Sincerely,


CECIL D. ANORUS
SECRETARY

Enclosure

Copy to: Mr. Harold Rognquist, Reno, Nevada

883

Seven Points presented by the Department of the Interior at
Reno, Nevada, March 1, 1977, in an Attempt to Negotiate Usage
of Water from Stampede Reservoir among all Parties Involved

1. The parties need to cooperate in assisting the Department of the Interior in recirculation of Pyramid Lake water to allow collection of spawning fish.
2. The parties need to agree to divert only decreed flows from the Truckee River in the Truckee Meadows area.
3. The parties need to agree to maximization of use of Truckee Meadow ground water in lieu of Truckee River flows.
4. The parties need to agree to development of other sources of water including Downer Lake, Independence Lake, and possibly pumping from Lake Tahoe.
5. The parties need to agree that an estimated 50 percent of return flows from municipal and industrial uses will be delivered to Pyramid Lake.
6. The parties need to agree to obtain a firm contract for reimbursement for use of stored water.
7. The parties need to agree to take all reasonable action to conserve water.

BEFORE THE PUBLIC SERVICE COMMISSION OF NEVADA

In Re Amended Petition by SIERRA PACIFIC POWER COMPANY for a Declaratory Order in the matter of its certificate CPC 689, Sub 1 (Stead Division).

Docket No. 372
(Filed: June 24, 1975)

Heard: September 25, 1975
Stead AFB, Nevada

Decided: December 29, 1976

APPEARANCES:

For the Commission: Heber P. Hardy, Commissioner
Evo A. Granata, Commissioner

For the Commission Staff: Robert L. Crowell, Esq.
Staff Counsel

For the Applicant: Richard G. Campbell, Esq.
and
Douglas C. Fletcher, Esq.

For J.C. Penney Co.: Hawkins, Rhodes, Sharp &
Barbagelata
By: Prince A. Hawkins, Esq.

For Oasis Housing: Streeter, Sala & McAuliffe
By: Frank Sala, Esq.

For Learenos: Hill and De Lipkau
By: Ross E. De Lipkau, Esq.

OPINION

On June 24, 1975, Sierra Pacific Power Company (hereinafter "Petitioner") filed a petition with the Public Service Commission of Nevada (hereinafter "Commission") for a Declaratory Order granting Petitioner permission to reject all applications for new service in the area generally known as the Stead Facility, Reno, Nevada, which would require Petitioner to deliver in excess of 4.25 million gallons on any given day. On July 16, 1975 said petition was amended to clarify certain portions of its original filing.

The matter was publicly noticed and protests were received. Thereafter, a

public hearing was held by the Commission at the Stead Facility on September 25, 1975.

The parties making an appearance or otherwise participating in this proceeding are set forth hereinabove. The record comprises 250 pages of transcript and four (4) exhibits which were received into evidence.

At the outset the Commission would note that while Petitioner has styled its petition in the form of a request for a Declaratory Order we are of the opinion that the relief requested is more closely analogous to a Petition for Affirmative Relief. However, in light of our decision herein we need not address ourselves to this procedural issue.

The problem presented to the Commission in this case had its inception in 1968 when Petitioner applied for a certificate of public convenience and necessity to provide water service to the area generally encompassed by the old Stead Air Force Base. In 1966 the United States Air Force phased out its Stead Base operations and Petitioner commenced negotiations with the United States General Services Administration hereinafter "GSA") to purchase the water facilities (and electric facilities) previously used by the Federal Government to supply the Air Force Base.

In its application for that certificate Petitioner requested authority to serve the entire area encompassed by the Air Base, however limiting its delivery obligation to 4.25 million gallons per day. A public hearing was held on the application for the certificate during which Petitioner presented several witnesses who testified to the capacity of the existing water system and the need to limit daily deliveries to 4.25 million gallons. Mr. Neil Plath, then Petitioner's Chief Executive Officer, testified that the facilities to be acquired from the GSA had a maximum capacity to deliver 3.8 MGD but that this could be increased to 4.25 MGD with relatively minor system modifications. Mr. Plath also testified that "...the area must have sufficient water at reasonable rates to continue to develop new industry for our economy." (Ex. 2, p. 9).

Petitioner's witnesses also indicated that additional water over the 4.25 MGD limitation could be obtained but only at the expense of major system modifications or an additional pipeline (Ex. 2, p. 17, witness Atcheson). Petitioner represented that such extensive modifications would not be economically feasible in that the cost of such modifications would make the cost of water service prohibitive to the Stead area customers.

During the same hearing Petitioner's witness Plath further represented that any deliveries to the Stead area over and above the 4.25 MGD would be more costly from a supply point of view in that in his opinion for each additional gallon of water delivered beyond Panther Crossing would entail a loss of two (2) gallons of water in the Truckee Meadows area thereby requiring Petitioner to make up the lost gallonage from other of its water sources.

Mr. Leighton testified at said hearing that while Petitioner was requesting certificate boundaries equal to the Stead Base boundaries that a 4.25 MGD limitation would only enable Petitioner to serve approximately 1/3 of the total certificated area given existing and estimated zoning restrictions. Petitioner, at that time, had no solutions as to how it intended to serve the remaining 2/3 of the area if and when it was developed.

By Order dated January 10, 1969 the Commission granted Petitioner's request for a certificate and authorized it to serve the Stead area with a 4.25 MGD limitation.

The certificate of public convenience and necessity, CPC 689, Sub 1, subsequently issued pursuant to that Order did not contain the delivery limitation. Rather, the certificate absolutely requires Petitioner to render reasonably continuous and adequate service to the public within the territory designated.

Petitioner now represents that it is rapidly approaching the 4.25 MGD delivery on a peak day to the Stead area. Thus, the problem to which Petitioner had no solution in 1968, namely, the ability to serve only 1/3 of the certificated area, has now become a reality and Petitioner seeks authority from the Commission to restrict

new water service applications in the Stead area.

After carefully reviewing the testimony and evidence of record in this case we believe that it is substantially similar to that previously presented in the certification case and therefore we see no need to recite the particulars of this record.

We are not persuaded that Petitioner is unable to acquire sufficient quantities of water to deliver more than 4.25 MGD to the Stead area. In our opinion the record in this case and the prior certification case (Ex. 2) strongly indicate that the primary motivating factor in Petitioner's request to implement the 4.25 MGD limitation is basically that Petitioner does not desire to incur additional costs to modify or increase its facilities to serve the entire certificated area. We do not consider this to be a valid basis or criteria on which to restrict water service to new customers in the certificated area. While we do understand that customer density may cause the cost of adding new facilities to result in increased customer water rates we view this as being primarily a matter of the certificated area being too large rather than one of Petitioner's ability to serve. In this regard, we note that Petitioner considered reducing its certificated area to that encompassing its present customers (Tr. p. 17) but that it apparently chose not to proceed in that manner in this case.

We are therefore of the opinion that Petitioner should serve every person within its certificated boundaries who requests water service even if its peak deliveries exceed 4.25 MGD, and to this end Petitioner should make all reasonable modifications to its system in order to do so.

We should point out that were we to grant the petition in the form requested we would effectively be reducing the certificated area without an application therefor and hearing thereon. Such action would render meaningless the traditional and well established regulatory principle that a utility, once certificated, has an obligation

to provide adequate service with reasonable rates to all customers in its certificated area.

The present Commission is of the opinion that the limitation which was approved by the Commission in 1969, under the circumstances now facing Petitioner and its existing as well as potential customers in the Stead certificated area, is not a just and reasonable means of providing adequate water service. In our opinion the implementation of Petitioner's request for authorization to reject applications for new service is fraught with potential disputes between Petitioner and its existing customers who may develop increased water requirements and such a plan also leaves future potential customers within Petitioner's certificated area in a state of uncertainty and frustration, not knowing whether water may become available from Petitioner in the future due to existing customers disconnecting or whether a new source of water must be developed. Further, if Petitioner's and its existing customers' estimates of water requirements are in error, Petitioner may not be able to adequately serve the needs of all of its customers during peak periods or water may be available to serve additional customers if they were permitted to make application. The only rational basis for Petitioner to adequately serve its customers is to serve all who apply on an impartial basis.

We are mindful of the fact that a substantial hardship could occur if Petitioner were required to continue to connect new water customers pending modification of its system or reduction of its certificated area. We are therefore of the opinion that with the exception of the water connection applications pending on the date of the Order to be issued herein, Petitioner should be authorized a reasonable time during which it may refuse all new applications for water service pending modification of its system to serve the entire certificated area or in the alternative obtains approval to reduce the size of its certificated area.

In the event Petitioner elects to reduce its certificated area it should advise the Commission and the parties of record in writing of its intent to file an appropriate application within thirty (30) days after the date of this Opinion and Order and further

Petitioner should file said application within ninety (90) days after the date of this Opinion and Order. If such an application is filed the authorization to refuse new applications for water service should terminate on a date to be set by the Commission in its Opinion and Order to be issued after the completion of a public hearing on said application. In the event Petitioner elects not to make timely application to reduce its certificated area the authorization to refuse new applications for water service should terminate 180 days after the issuance date at the bottom of the Order attached hereto.

The Commission is of the opinion that Petitioner should take all reasonable steps to conserve water, particularly in the Stead area, in order to reduce waste of a precious commodity as well as to make more water available to more people. We recognize that water meters are presently prohibited by law, however, we strongly urge Petitioner and all interested persons to petition the legislature to eliminate said prohibition against the use of water meters in the City of Reno, including the Stead area, as a means of providing an economic incentive to conserve water and as a means of charging customers on an equitable basis for the water used.

FINDINGS AND CONCLUSIONS

WHEREFORE, the Commission finds:

1. That the petition on file herein comes within the purview of the statutes of the State of Nevada and within the regulatory jurisdiction of this Commission; and
2. That there has been no persuasive evidence that Petitioner is unable to acquire sufficient quantities of water or to modify its water system to deliver adequate water to serve all customers within a reasonable certificated area; and

3. That Petitioner's proposed plan to implement the limitation of 4.25 million gallons of water per day is unreasonable, subject to dispute, would effectively reduce and make its certificated area uncertain without benefit of due process, and is not in the public interest; and
4. That Petitioner has an absolute obligation and should be required to render reasonably adequate and continuous service with reasonable rates to its entire certificated area; and
5. That Petitioner is approaching its system capability to provide water service to said certificated area; and
6. That substantial hardships could arise if Petitioner were required to serve all new water service applications pending system modification or a reduction of its certificated area; and
7. That with the exception of applications for water service pending as of the date of the Order attached hereto, Petitioner should be authorized to reject all new applications for water service for the period of time discussed hereinabove in order to make necessary modifications to its water system or to its certificated area or both.

An appropriate Order will be entered.

BEFORE THE PUBLIC SERVICE COMMISSION OF NEVADA

In Re Amended Petition by SIERRA PACIFIC)
POWER COMPANY for a Declaratory Order in)
the matter of its certificate CPC 689,)
Sub 1 (Stead Division).)

Docket No. 372

At a general session of the Public Service
Commission of Nevada, held at its offices
in Carson City, Nevada, December 29, 1976.

PRESENT: Commissioner Evo A. Granata
Commissioner Heber P. Hardy
Assistant Secretary Cora Austin

ORDER

Pursuant to the foregoing Opinion, which is attached hereto and by this
reference incorporated herein,

IT IS ORDERED That the amended petition as filed herein shall be and is
hereby DENIED; however, Petitioner is hereby authorized to reject all new appli-
cations for water service pending the filing of and a decision on an applica-
tion to reduce its certificated area as discussed in the foregoing Opinion and in
Finding and Conclusion No. 7; and

IT IS FURTHER ORDERED That in the event Petitioner elects not to file
an application to reduce its certificated area as set forth in the preceding
ordering paragraph, then Petitioner is hereby authorized to reject all new
applications for water service for a period of 180 days only from the date of
this Order in order to make reasonable preparations to serve its entire present
certificated area without limitation pursuant to its obligation as a public
utility; and

IT IS FURTHER ORDERED That the Commission retains jurisdiction in the premises for the purpose of correcting any errors which may have occurred in the drafting of this Opinion and Order.

By the Commission,

/s/ Evo A. Granata

EVO A. GRANATA, Commissioner

/s/ Heber P. Hardy

HEBER P. HARDY, Commissioner

Attest: /s/ Cora Austin

CORA AUSTIN, Assistant Secretary

Dated: Carson City, Nevada
December 29, 1976

(SEAL)

ASSEMBLY Amendment XX ~~XXX~~/A.B. 439 BDR 20-1446
 SENATE Amendment _____ TO S.J.R./A.J.R. _____ BDR _____
 Proposed by Committee on Government Affairs
 Deliver to _____

Amend sec. 3, page 3, by deleting lines 36 to 43, inclusive, and inserting:

"4. Notwithstanding any other provision of NRS 244.9191 to 244.9219, inclusive, to the contrary, no bonds shall be issued by a county under the authority contained in NRS 244.9191 to 244.9219, inclusive, unless, at the time of issuance to the purchasers thereof, the bonds are rated by a nationally recognized rating agency within one of the top four rating categories."

Amend sec. 5, page 4, by deleting line 30 and inserting:

"1. A mortgage covering all or any part of the project, or upon any other property of the lessee, purchaser or obligor, or by a pledge".

Amend sec. 17, page 8, by deleting lines 28 to 35, inclusive, and inserting:

"4. Notwithstanding any other provision of NRS 268.512 to 268.568, inclusive, to the contrary, no bonds shall be issued by a city under the authority contained in NRS 268.512 to 268.568, inclusive, unless, at the time of issuance to the purchasers thereof, the bonds are rated by a nationally recognized rating agency within one of the top four rating categories."

Amend sec. 19, page 9, by deleting line 1 and inserting:

"(a) Be authorized by [ordinance;] resolution;".

Amend sec. 19, page 9, by deleting line 6 and inserting:

"(e) Bear such interest at a rate or rates not exceeding [10] 12 percent per".

Amend sec. 19, page 9, by deleting line 13 and inserting:

"as the authorizing [ordinance] resolution may provide."

Amend sec. 20, page 9, by deleting line 33 and inserting:

"other property of the lessee, purchaser or obligor, or by a pledge of the lease".

Amend sec. 29, page 13, line 39, by deleting "projects" and inserting

"project".

Title ok OK

Drafted by R.W. McDonald Date 3-21-1977

1200

March 22, 1977

TO: Assembly Committee on Government Affairs

FROM: Public Service Commission

RE: Suggested Amendments to A.B. 438

NOTE: Commission-suggested additions indicated by underscoring.
Commission-suggested deletions indicated by (parentheses).

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

Section 1. NRS 704.230 is hereby amended to read as follows:

704.230 [1. Except as otherwise provided in any special law for the incorporation of a city, it is unlawful for any public utility, for any purpose or object whatever, in any city or town containing more than 7,500 inhabitants, to install, operate or use, within such city or town, any mechanical watermeter, or similar mechanical device, to measure the quantity of water delivered to water users.

2. Nothing in subsection 1 shall apply to cities or towns owning and operating municipal waterworks, or to cities and towns located in counties having a population of 200,000 or more as determined by the last preceding national census of the Bureau of the Census of the United States Department of Commerce.] The Commission may by (regulation) order require each public utility which engages in the business of furnishing water within this state for business, manufacturing, agricultural or household use to install and use a watermeter or other device which measures the quantity of water delivered to each of its customers. Any (regulation adopted) order issued under this section shall provide for:

(1. The certification of any person, partnership, corporation or other business organization which installs watermeters or similar devices for public utilities under the regulation, and for accepting such certification from another jurisdiction;)

(2.) 1. Approval by the commission of a schedule filed by each public utility for installing such meters or devices, which conforms to installation priorities established by the commission, first among commercial and industrial customers and then among residential customers (:) provided, however, that watermeters shall be

installed at the time the utility establishes any new service connection to any customer, in any class of service;

(3.) 2. Approval by the commission of rate schedules which are:

(a) Applicable to customers for whom water is metered;

(b) Based upon actual water usage (; and) and such other factors, including demand, as the Commission deems appropriate; and

(c) (Used) May be used concurrently with rate schedules that are based upon other factors and applied to customers for whom water is not metered; and

4. The reduction or termination of water service to any customer who wastes water, according to reasonable standards adopted by the commission.

Sec. 2. This act shall become effective upon passage and approval.

KLJ:am

Exhibit 8

LAW OFFICES OF
LESLIE B. GRAY
FIRST NATIONAL BANK BUILDING
SUITE 1100
ONE EAST FIRST STREET
RENO, NEVADA 89505
TELEPHONE (702) 322-6931

LESLIE B. GRAY
FRANKIE SUE DEL PAPA

MAILING ADDRESS
P. O. BOX 2897
RENO, NEVADA 89505

March 24, 1977

Patrick M. Murphy, Chairman
Government Affairs Committee
Legislative Building, Room 214
Carson City, Nevada 89710

Re: A.B. 438, 440, 445

Dear Pat:

Despite Lawrence Jacobsen's sarcasm, I did express my thinking on meters in a minute.

I had planned on confining my remarks to five minutes and I think, after waiting four hours, I am entitled to express them to you in writing.

First, I think you should repeal the prohibition against meters which pertains to Reno and Sparks. I am inclined to favor the Murphy-Wagner bills with the suggested amendments and pursuant to the McDonald explanation. However, I don't think it makes a great deal of difference how it is done, just authorize the installation of meters so that they can be installed at the earliest possible moment.

I do not believe it makes any difference who owns them. We like them in Virginia City and I think that the water company owns them.

Secondly, I am in favor of the installation of meters because they are one major conservation method and this area has a constant water problem by virtue of the population explosion and the drought cycles. The normal problems have become emergency and acute by reason of the Indian rip-offs.

839

Patrick M. Murphy, Chairman
Government Affairs Committee
March 24, 1977
Page Two

The history and the current operating problems of the Truckee River water system are immensely interesting, but I suggest that the Legislature should not get bogged down in these details. On the sole question of the binding effect of the Orr Water Ditch Decree of 1944, we were 49 days in court, it is estimated that the transcript will consist of over 40 volumes and it takes months to read and understand the entire situation.

Briefly, though very little that Mr. Stitser said was accurate (For example, he has no right in law or fact to pat us on the head and tell us the Indians will permit us to have Stampede water if we put in meters.) but I heartedly agree with his conclusions.

If meters are permitted and installed, or the program is started, it will be a massive show of good faith and we will be able to settle these water matters once and for all. I sincerely believe that we are at the stage now of being able to force all parties, the executive department, the Department of Justice, the Secretary of the Interior, the Bureau of Reclamation, the Fish and Wildlife Department, the Bureau of Indian Affairs, the Pyramid Paiute Tribe, the Native American Rights Fund, the State of Nevada, the County of Washoe, the Cities of Reno and Sparks, Sierra Pacific Power Company, Truckee-Carson Irrigation District, and all the individual water users most of whom I represent, to sit down and settle this matter without any further ridiculous and costly litigation.

Don't be upset with the Cities of Sparks and Reno for their lack of representation. I am sure it was simply an oversight brought on by an assumption that there was no problem with the passage of meter legislation. I was born and raised in Sparks and its independent citizenry and its sometime irresponsible city government has been a wonder to behold. In the litigation I think we were able to drag the City Attorney into Court once and we haven't seen him since. Reno has excellent counsel and has done a tremendous job. It isn't that Sparks isn't concerned; it is just that they know someone else will take care of it. And we are.

Patrick M. Murphy, Chairman
Government Affairs Committee
March 24, 1977
Page Three

This may be a little more than five minutes, but you only have to read the first portion anyhow.

Thank you all for your courtesy.

Sincerely,

A handwritten signature in black ink, appearing to read "Les" with a stylized flourish and an arrow pointing to the right.

LESLIE B. GRAY

LBG:ddm

cc: Members of the Government
Affairs Committee