

ASSEMBLY
GOVERNMENT AFFAIRS
April 5, 1977
7:30am

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

GUESTS PRESENT: See attached lists

Chairman Murphy called the meeting to order at 7:32am.
All witnesses were sworn in pursuant to NRS 218.535.

SENATE BILL 102

Frank Daykin, Legislative Counsel, told the committee that this was a revisor's bill which makes no change in the law. It simply repeals obsolete language in the statutes.

COMMITTEE ACTION - SENATE BILL 102

Mr. May moved for a DO PASS recommendation, seconded by Mr. Jacobsen, amending the motion to include referral to the Consent Calendar, motion to DO PASS AND PLACE ON CONSENT CALENDAR passed unanimously. Mr. Mann was out of the room at the time of the vote.

ASSEMBLY BILL 554

Linda Brown, Coordinator for the State Indian Commission, spoke in favor of the measure. She explained that it would increase the \$10,000 limit on value of surplus property which may be distributed to Nevada Indian tribes to \$40,000. She added that presently there is a \$87,000 backlog of property that can't be transferred because of the \$10,000 per year limit.

Assemblyman Robinson asked how the decision was made as to which tribes got what property. Ms. Brown replied that this is usually determined by tribal requests for property submitted to the Indian Commission.

Lawrence Astor, representing the Reno/Sparks Tribal Council, voiced his support for the bill and in responding to a question from Assemblyman Jacobsen he clarified that the requests for property from the tribes always greatly exceeds the \$10,000 limit.

Elton Jones representing the InterTribal Council of Nevada which includes 23 tribal groups, urged the committee's support.

Janet Allen, Member of the Nevada Indian Commission, submitted a statement which is attached as Exhibit 1, and she gave each member of the committee a copy of the Biennial Report of Nevada Indian Commission. She gave an example of elders in Elko who could not participate in the hot lunch programs, etc. because the tribe lacked a vehicle to transport them to and from the program. She added that it is better to give the equipment to the Indian Commission which can distribute it to the tribes instead of giving it to a scrap metal business.

Assemblyman Robinson asked if the Commission had bid and bought any of this property instead of just getting left overs. He was told that the Commission budget and tribal budgets could not afford to purchase the property.

Gene Phelps, Business Manager of the Highway Department, testified in opposition to the bill. He said that while "we are in sympathy of the needs of the various tribes of Nevada, the effect of this bill is to appropriate \$40,000 a year from the Highway Department, which the Highway Fund at this time can ill afford." He explained the procedure for surplus property as follows: When the Highway Department replaces equipment it is turned over to State Purchasing and they circulate the list of this equipment to local government jurisdictions and they may bid on it. Of the equipment that is not taken by this procedure, \$10,000 worth is made available to the Indian Commission for free distribution to the Indian tribes, after that the remaining equipment goes to public auction and quite often the equipment sells for a much higher price than the book value that is carried on it. The equipment is generally not scrap. The Highway Department tries to replace their total fleet once every ten years, which means that 1/10th is replaced each year. So the equipment may be good sedans, pickups, heavy trucks, heavy equipment such as loaders, blades and this sort of thing. So again the effect of this bill is to appropriate \$40,000 a year from the Highway Fund. So the Highway Department does object to the increase. The equipment is readily saleable at public auction upon the completion of this process that makes it available to the local governments. Finally, there is a question of the constitutionality of this bill in that there is a constitutional earmarking of Highway User revenues for road purposes and we believe that this is a diversion of those revenues for a purpose not related to highways and roads.

After Mrs. Westall asked who sets the value on this property, Mr. Phelps said that the Highway Department generally does and it is the value we carry for insurance purposes, the book value, and we depreciate equipment over the expected life span of it and it is the residual value. Generally it represents somewhat less than its market value.

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Assemblyman Moody asked Mr. Phelps what the approximate amount of revenue was from surplus property sold at auction last year. Mr. Phelps replied that he did not have that information with him but that he could provide the committee with it. Chairman Murphy requested that he provide the information.

Assemblyman May asked who determined what items the Indian Commission can get. Mr. Phelps said that they pick what ever is available and they have the book value already on it so they can come in and in effect shop through whatever is available.

Assemblyman May commented that it really isn't a \$40,000 appropriation, because they already receive \$10,000, so it is actually a \$30,000 appropriation.

Assemblyman Robinson asked if when the local entities bid on the property the Highway Dept. received its book price. Mr. Phelps replied that they usually did and many times received over their asking price. But he added that this is less than the property would bring at a public auction

ASSEMBLY BILL 557

Russ McDonald voiced his support for the measure.

Tom Moore, County of Clark and the Nevada Association of County Commissioners, voiced their support.

ASSEMBLY BILL 549

Assemblyman Polish and Bob Warren, representing the League of Cities, explained the bill to the committee. This bill provides a lien for unpaid waste collection charges. It is vitally needed in White Pine county because they don't receive enough money to finance a land fill site. Mr. Warren said that there was a problem in collecting the fees for waste collection and this is usually money which goes to provide land fill sites in small cities. If the counties can't collect the lien or fee then they can't show that there is going to be sufficient revenue coming in so that they can guarantee payment of a bond to finance the development of a land fill site. This will not automatically place a lien on every person across the state of Nevada who fail to pay their waste collection fees. The first paragraph states that a governing body of a municipality may by ordinance, which requires public hearings. Assemblyman Polish added that the private waste collection service that Ely and White Pine County had been using has notified them that they will not offer their services after July 1 of this year and that leaves the county and city to pick up the disposal site.

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Assemblyman Robinson commented that the bill only applies to cities; Mr. Warren commented that was an oversight because the counties are having problems too.

Assemblyman Robinson asked why there wasn't any protection for the property owner who is renting out some property and the leasee or renters fail to pay the fee, then the lien goes against the property owner. In the future a land owner would know that he would have to be responsible for it, but for those who have outstanding long term leases, there is no way to make sure the fee is always paid unless they pay it out of their own pocket. You shouldn't have to make a bill collector out of the property owner just for his own protection. The bill should be amended to grandfather out any current leases or contracts. Mr. Warren said that a grandfather clause would not ruin the purpose of the bill.

The committee members asked questions about the operating procedure of the waste collection practice in White Pine County and the men were unable to answer the questions. Mr. Warren is to come back before the committee when he has worked out some of the questions and problems with the bill.

Mr. Doug Martin from the Environmental Protection Agency told the committee that he supports the bill because if the bill becomes law it will aid local governments in their efforts to properly dispose of solid waste generated by the residents. Presently most local governments must pay a substantial part of the cost of the solid waste activity out of their general funds. These funds are already overburdened. Local governments particularly in the rural areas are experiencing problems of funding for waste disposal in order to make such activities pay for themselves, local ordinances have required mandatory collections for which some residents refuse to pay. This results in increased costs when the local government has to go to court to get the fees. Some ordinances allow voluntary collection such as the White Pine County area. This works with the fee being collected at the disposal site. What happens is that this encourages several residences not to use the dump because they have to pay the fee at the site. By providing local governments with the authority to place a lien on property served it will allow the local government to establish a mandatory fee for solid waste collection and disposal. Since each resident is paying for the operation of the disposal site, they will use it and thus essentially eliminate permiscuous dumping.

After a question from Mrs. Westall, Mr. Martin said that Washoe County has a mandatory service and 90% of the customers are paying their bill.

Mr. Martin added that if people don't pay their bill and the garbage collection is cut off, then the people will just allow

it to build up and then dump it permiscuously.

ASSEMBLY BILL 437

Assemblyman Murphy provided the committee members with copies of his proposed amendments to A.B. 437. A copy of these amendments are attached as Exhibit 2.

Assemblyman Jeffrey said that there should be some distinction between administrative and policy making decisions. He said he wanted to draw up some amendments to this effect. Chairman Murphy said that the committee would wait until Mr. Jeffrey received his amendments before final action would be taken.

Assemblyman Mann commented that when you make the language in an open meeting statute broad all you are doing is making loopholes.

Assemblyman Moody felt that the open meeting concept would not work in rural areas.

ASSEMBLY BILL 602

Assemblyman Murphy explained this bill to the committee by saying that the utility companies pay for their testimony before the Public Service Commission from their gross revenue which is in effect the rate payers paying for the utilities' requests for rate increases. This bill would give the consumer representatives in the form of county governments funds to help pay for the cost of preparing their case against the increases. The mechanism for these funds is to take money from the surplus in the mill tax. This is not an increase in the tax. It would only use part of the surplus that has accumulated. He read from a memorandum from Ron Sparks, Fiscal Analyst of the Legislative Counsel Bureau. This memo is attached as Exhibit 3. He continued by saying that the counties have indicated a strong interest in opposing rate increases and they need money to present their case. He proposed to amend the bill by deleting (b) and (c) sections on page one of the bill. He then asked Larry Hicks to explain the history of the concept in more detail.

Larry Hicks, Washoe County District Attorney, and President of the District Attorney Association, testified as follows:

The general concept of the bill is to provide a manner in which the person who pays utility bills can be represented specifically before the Public Service Commission. Right now the procedure in the State of Nevada that there is no one person or one agency which is lodged with the exclusive representation of the person who pays the utility bill. The Public Service Commission (PSC) is a quasi-judicial body and it is there to authorize a fair rate of return to the public utilities. It is also there to represent colaterally the interests of the rate payer. However the PSC is not in a position to be the specific and personal advocate of the bill payer. Obviously someone needs to be there to represent the bill payer because there has been so many rate increases in recent years. Some of the increases have been based upon increased costs, and some have been based upon requests for increased profits. The point is that the person footing the bill is paying an ausome bill. In the state of Nevada in the last two years applications before the PSC from the different utilities are running about 50 million dollars a year in requests for increased utility rates. This bill provides that the county could go in and oppose such increase applications as it deemed fit. There would not be any need to go in on all of the applications. Perhaps only on those applications that would cause the greatest impact and pose the greatest questions. The bill allows these people up to one half mill of the mill tax which is received by the PSC. The PSC is financed essentially by the mill tax which is currently a 3½ mill tax of a possible authorized 4 mill. This tax is on the gross operating revenues of the public utilities of the state. In other words, the money that we are talking about is paid for by the bill payer. The mill tax in the long run is paid by the consumer. Onehalf of a mill amounts to roughly \$160,000 for the entire state. We are talking about rate applications which are running about 50 million dollars a year. This proposal would set aside \$160,000 on behalf of the people who may pay those 50 million dollar increases if they are granted to provide representation before the PSC on their behalf. \$160,000 is less that 3/10 of a percent of the yearly applications that are currently being sought.

When the public utility goes in and requests an increase in rates, this is paid for by the rate payer because it comes out of the gross operating revenues of the utility which is made up of the money from the consumer's utility bill. To request the increase, the company is using the rate payer's money for that request. By the same token the rate payer is not getting anyone there to represent him. The public utility is not representing him in the sense of using his money to ask for the increase. But at the same time the rate payer is not being represented by someone who is there just on his behalf. The bill would set aside this small amount to fund some kind of a presentation against the increase request.

This intervention is very costly. The Washoe County District Attorney's office has been involved recently in several interventions before the PSC. The reasons we have been involved are because Washoe County is a rate payer just like anyone else and the other reason is because the people in Washoe County have been increasingly concerned about the increasing power bills. In the case of Sierra Pacific Power company, there have been 20 applications for increases since January of 1975. My office has only been involved in a handful of those 20 applications. If the intervention is presented, it requires the presentation of evidence such as the kind the public utility will be presenting. The utilities use experts of national reknown. It is necessary to present a meaningful opposition with other experts. In the cases in which we have presented national experts it has cost Washoe County anywhere from \$15,000 to \$40,000.

Washoe County is not equipt to meet these types of interventions on a regular basis. We have been there because we have had to be there. Someone had to be there on behalf of the guy paying the bill. My staff in the D.A.'s office is not regularly equipt to carry on interventions like this. There are not men on the staff who are just sitting and waiting for these applications to appear before the PSC. The cost in terms of manpower, experts, and everything else can be very prohibitive to the effect that it discourages anyone from appearing on behalf of the rate payer. No one individually could ever afford to appear on their own behalf or even a whole neighborhood couldn't ever afford to present a meaningful opposition before the PSC.

Aside from the cost of presenting the intervention, if an appeal before the PSC is determined in favor of the rate payer, and against the public utilities there is an extreme probability that the public utility will then go to the court to challenge the holding of the PSC. This is legal action being taken by the public utility which is being financed by the very person who pays the bill that they are trying to increase. The legal staffs, the witnesses, the experts, the whole process is ultimately paid by the rate payer. Once again, there is no one there to specifically represent the consumer in the court room. These legal proceedings are extremely expensive. We have just ended a trial which ended last week in which Sierra Pacific Power Company challenged the PSC on an application for increases where we were involved in the intervention. This has already cost Washoe County upwards of \$10,000 just to go into that court hearing.

If we assume that the costs to the power company's are comparable to the costs of Washoe County then that \$10,000 is being paid by the rate payer. And again there is no one on the other side to represent the rate payer and if that action for example has to go to the Supreme Court on appeal this will cost additional thousands of dollars on both sides which is ultimately being paid

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by the rate payer. And at the same time there is no one there to represent the rate payer.

It takes a tremendous amount of manhours to go into the intervention. To be involved in District Court proceedings if there is an appeal and then possibly to the Supreme Court, are extremely costly.

With 20 applications in the last two years, conceivably you could go through this whole process on every application. The maximum amount available under this bill for every county in the state would be \$160,000 a year compared to \$50 million in rate applications.

Since an application before the PSC is a positive action which unless acted upon is granted, there has to be a mechanism to have the rate payer represented. The PSC is not in a position to be a devil's advocate to challenge everything that is being presented by the public utilities. However the person who is paying the bill is. And if he can have someone there to present evidence against the evidence of the utilities which is faulty, then there can be a healthy give and take before the PSC for the Commissioners to base their decision on.

Assemblyman Moody commented that some of the rural counties have provided funds to help Washoe County finance these interventions. Mr. Hicks agreed and said that since there is so much concern over the utility bills, for the first time in the history of the state that these counties have bound together and supported Washoe County and stood behind his office and contributed in the interventions in which he has been involved. In the one major intervention involving Sierra Pacific Company, Washoe County, Mineral County, Carson, Nye, Pershing, Lyon, Churchill, City of Reno, Lander County, City of Winnemucca, Humboldt County all came forward together. The county commissioners of these areas have been very much in support of these actions. These counties are limited in their funds also. The problem is that public utilities are in a position to come in with one application after another and the counties can present opposition, can contribute funds, but there is a limit to their budgets. The public utilities have no limit on their funds for this because the rate payer is paying the costs for the applications.

Mr. Hicks continued:

"Washoe County is out \$50,000 in the last year and a half although we are able to show savings in the millions of dollars. A return on the investment in some cases of 7 and 800 percent in the first year of interventions, the differences between what was asked by the utilities and what was granted. We recognize of course that the decision is ultimately the PSC's and much of it is their doing. But still we can say with authority that we have been effective in presenting evidence to the PSC which has resulted in a lesser award by the PSC to the utility."

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Assemblyman Craddock asked Mr. Hicks if he felt the PSC has been derelict in challenging some of the items that utilities have used to justify the rate increases.

Mr. Hicks replied, "I have not personally criticized the PSC at any time. I don't think that a party who regularly appears in front of the PSC and who is currently in the courts either for or against the PSC, is really in a position to criticize them in terms of making a personal comment on how they perform. I will tell you that I frankly feel that the members of this PSC are very conscientious and hardworking members and I have always been impressed with the amount of interest they express, the amount of sincerity and so forth. I really wouldn't step in and comment by criticizing them. We don't always agree with the Commission, but neither do the utilities always agree with them."

Assemblyman Craddock asked Mr. Hicks if he felt the public utilities in the State of Nevada are being awarded excessive profits and are making an excessive profit today.

Mr. Hicks replied, "In my opinion, I feel that they are making excessive profits. The power company has had the highest profits in its history in the last two years and yet these have been mild winters which makes the volume is less. And during a mild winter I think a power company shouldn't make as much, they should ride with the rough season, instead of making more profits than ever.

Assemblyman Craddock asked Mr. Hicks what specifically has he been able to accomplish in the litigation that you have prepared so for.

Mr. Hicks replied that in this last major case, the power company requested roughly 12 million dollars in increased revenues. This was based on requested general rate increases and some pass along costs and some other items. With the active intervention by Washoe County which cost roughly \$35,000, the award of the PSC was 3.7 million. He feels that of that 8 million dollars which was not granted by the PSC, that a very sizeable portion of that was due to the intervention of Washoe County. The members of the PSC staff recommended something much higher than the 3.7, as he recalled, it was about 9 million and the ultimate order of the Commission was 3.7, over 5 million less than what had been recommended by their own staff. He said he had to feel that that was due at least in part to the intervention which he presented and the witnesses he presented. Since the intervention cost roughly \$35,000 and the amount of the request not granted above the recommendation of the staff of 5 million that is a good rate of return on our investment. He added that he couldn't take entire credit, but that that was the

application in which they were most active and were the most active adversary of the public utility. It was the greatest reduction of the amount requested that has ever been awarded in the history of the state of Nevada.

Assemblyman Robinson said: "You made a point two or three times that the PSC and the utilities within their rates have the legal expertise to apply for rate increases but there is no one to speak for the consumer and yet you say that you take credit for these interventions. You have intervened, you have been successful, so I can't believe you when you say there is no one to speak for the consumer because you have been speaking for them. Don't you think that is part of your duties that the taxpayers are paying you for through your Consumer's Affairs Division? It sounds like you want to just keep on doing what you are doing but you want to get some money back from the state for it.

Mr. Hicks replied: I feel that it is part of my duties, but I am the only District Attorney in the state that apparently does. If we go in and present an opposition such as the one we are talking about with Sierra Pacific Power Company, that is \$35,000. The County pays for that. But who enjoys the benefits of that successful intervention? Actually it is all the rate payers throughout the Northern part of the State. Most residents, for example, in Washoe County live within the City of Reno, now I'm not faulting the City of Reno here, but I will point out that the City of Reno's contribution was only \$2,500 out of that \$35,000. Washoe County funded, after all the other contributions were taken out, probably 20-\$25,000 of it. The effect benefits all of the rate payers who are in the service area of the power company and yet not all of them are paying just Washoe County is paying 80% of the costs. When you consider that there may be one application after another that the applications may be very successive, the power company alone since July of 1974 has applied for over \$50million in increases. This bill would provide funding from the people receiving the benefit of a successful intervention at a time when those people who will be paying a bill are not being represented at this time.

Assemblyman Robinson commented that the bill does not give any options as to who is going to represent the consumer. Some other consumer's group may feel that they may have a better staff than yours to conduct the intervention. We might need to look into a full time consumer's advocate for this job.

Chairman Murphy then reminded the committee and the audience that the hearing would be continued at noon. He then adjourned the meeting until noon.

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At 1:50pm the same day, Chairman Murphy called the committee to order again to continue discussion of A. B. 602. Mr. Moody did not attend this portion of the meeting. Chairman Murphy reminded the audience that the oath administered that morning was still in effect.

Mr. Larry Hicks, Washoe County District Attorney, returned to the witness table to make some concluding remarks. He again stated, in order to make it clear, that his office could not take total credit for the successful intervention in the major case with Sierra Pacific Power. He added that his office's testimony was material and helpful, but he couldn't take sole credit for the success of the intervention. "In regard to the source of the proposed funds, the bill proposes to take $\frac{1}{2}$ mill of the mill tax which is assessed by the Public Service Commission on gross operating revenues of the public utilities for operation within the state. These are revenues based on energy supplied within the state of Nevada. Right now the PSC is funded by this tax and they are authorized to assess up to 4 and they have in fact been assessing $3\frac{1}{2}$ mills. What this bill does is to seek the $\frac{1}{2}$ mill which is not currently being assessed by the PSC and use those funds which would translate to roughly \$160,000 to be available for application by the governmental intervenors. We view this as significant for several reasons 1) this will not take any money out of the PSC because they are operating now within their $3\frac{1}{2}$ mill assessment and 2) it will be a considerable length of time before it would take money out of the PSC not only because they will continue to collect $3\frac{1}{2}$ mills but because they have accumulated a reserve at this point in time of roughly 1 million dollars. The people who will ultimately be paying power bills will be funding this defense fund. A major for seizing upon this mill tax assessment is because the assessment is upon utility users and it will be used on their behalf." He referred to a recent newspaper article saying that SPP filed for another rate hike just two weeks after the PSC had dismissed a similar request asking for an increase of more than 22.7 million dollars. The new request of 20.3 million dollars followed an increase which had been granted to SPP of 10.9 million dollars in October of 1976. In another article SPP officials, already seeking 11 million dollars in higher rates said that they will file for at least 9 million dollars this year. The 11 million dollar application was to be the first of several. He commented that these articles show that there are going to be many more applications and there has to be money to finance interventions.

Tom Moore, representing Clark County and the Nevada Association of County Commissioners, told the committee that both organizations were in favor of the bill.

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Assemblyman Mann asked how much money Clark County had spent on this kind of interventions. Mr. Moore told him that they had only been involved in one intervention this past year and their share was \$750.

Chairman Murphy then asked for the opponents to the bill to come forward since there was no one else to speak in favor of the measure.

Mr. Noel A. Clark, Chairman of the Public Service Commission, and Mr. Heber P. Hardy, Commissioner of the PSC, came forward together. Mr. Clark said that he was not in favor or in opposition to the bill. He was glad to see the amendments deleting (b) and (c) in Section 2 of the bill proposed by Chairman Murphy. One of the primary problems in this type of a bill is that it is only county oriented and there is no room for city action. The cities are entitled to representation also. The mill tax is assessed so that the Public Service Commission could have an expert staff and be able to proceed in an orderly manner and provide not only the public but also the utilities with some expertise in applications filed with the PSC. "When we asked to have the mill tax raised during the last session of the Legislature at that time it appeared that within three years we would be disappating through the Commission the entire 4 mills. However, we elected to raise it from 3 mills to 3½ mills to see how that would work. we were unable to fill a lot positions in the commission that were extremely important. However the rate increases that were given last year have attracted and raised the level of pay to the point where we have been able to attract some much better people to some of the higher than were were before. We also find some people now nibbling at jobs that were never able to get their attention. There are less than 18 positions vacant now. We are going to fill out each and every audit position that we can. This will give the utilities and the public a full shake for every dollar that they have invested in the PSC. " He added that there have been some very good presentations in these interventions especially regarding the cost of money which is one of the most critical areas in public utility regulations and probably less known about than any other single item that he knew of. The cities and counties can probably hire the experts cheaper than the commission could because they would probably raise their rates if the commission was the one who was hiring them. If the Commission cannot by a preponderance of evidence controvert that testimony which is put into the record by the utilities on cost of money then the Commission might very well be required by a court of law to go from 14% rate of return on common equity to 16 or 18% or something else. "We want this intervention, we like this intervention, but again I don't see any purpose of having interventions simply duplicate the work of the Commission staff especially in the audit department."

Chairman Murphy asked, "Relative to duplication, how do you explain the fact that the Commission's staff came up with a 9 million dollar figure in the recent Sierra Pacific Power application and the Washoe County people and others came in to intervene and the Commission decided to award 3 million."

Mr. Clark replied that that testimony was incorrect. He passed out the entire PSC order of that particular case. This is attached as Exhibit 4. "Our staff recommended with the exception of 1.3 million dollars total reduction down to where we did except that the Commission pulled out 1 million some odd dollars which neither staff nor utility discussed at any length in that case or the government intervenors. However there isn't any question that the intervention by the City of Reno and its partners gave strength to our staff's case."

Chairman Murphy asked, "How do you see the intervention as a duplicate of the Commission's staff?" Mr. Clark replied that he did not want to see the auditing functions duplicated. "If we, the Commission, knows that a governmental body is not going to come in and intervene in a particular area, such as cost of money, that means that we are going to have to go out and hire those experts and bring them in to controvert the testimony of the utility."

Chairman Murphy stated that his intention in introducing the bill was to provide representation before the PSC by qualified people, people who can match one for one with the utility companies experts, for the counter point of view. He added that he was certainly willing to have the bill amended to work out any real problems.

Assemblyman Mann asked why can't the PSC see an area where more impartial experts are needed and then hire one. Mr. Clark replied that they can. Mr. Mann continued, "if you have a million dollar surplus, why can't you just hire more people?" Mr. Clark replied that they don't have a million dollar surplus. "That is the most misconstrued fund. The only reason that there is a surplus today is because it is a salary savings, because we have not been able to hire people. As we go down the road, 4 mills will not produce enough revenue to operate the commission 4 or 5 years from now. That surplus is going to be burned up."

Assemblyman Mann asked Mr. Clark if we need this bill to help the consumers. Mr. Clark replied, "the public relations and image of utilities today is in the bottom of the barrel, the image of the Commission is also not very good. It gives the consumer a little more comfortable feeling if he thinks he has representation in a case, instead of if the Commission is doing it by themselves. As

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far as any other values concerned, no, I don't think there are any." Mr. Hardy replied that the problem is that the consumer groups don't have the money to hire the experts. The Commission hires experts but this bill would help the image. He added that some cities have a franchise fee that is taken off the top which amounts to plenty of money from the public utility rate payers to fund anything they did before the PSC, the city of Las Vegas is an example.

Assemblyman Craddock pointed out that even if inflation is present in the economy, regarding the use by the PSC of the mill tax revenue, then this amount of inflation would cause an increase in the mill tax to the same extent and that would negate any proposed reduction in the surplus.

After a question by Assemblyman Westall, Mr. Heber explained that when a utility makes an application for rate increase, if the PSC takes no action, according to state statute, in 30 days it goes into effect. The action the PSC would usually take would be to suspend it for an additional 150 days which is also by statute, if the PSC takes no action by the end of that 180 total then those rates they applied for go into effect without benefit of anything the PSC might do. That is why the PSC is under the gun to make a decision by the 180th day. The statute is NRS704.100 and 704.101.

ASSEMBLY BILL 595

Mr. Hardy, Public Service Commissioner, said that this bill was needed to allow the specific authority that the Commission doesn't actually have.

Larry Hicks, Washoe County D.A., voiced his support.

ASSEMBLY BILL 602 discussion continued

Carl Soderblom, representing the Nevada Railroad Assoc., told the committee that all previous testimony had been centered around power companies, yet the bill addresses all utilities which include railroads and telephone and airlines. The mill levy was instigated for the running of the PSC he did not believe that this money should be used to fight rate hikes for power companies.

Chairman Murphy reminded him that there was no language applying this measure to only power company rate hikes.

Mr. Soderblom continued by saying that, "if you are going to use all of the revenue from that 1/2 mill primarily on one type of utility that it seems to me that you are taking away monies that should be used for the regulation of the other utilities."

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Mr. Tom Case, representing Central Telephone of Las Vegas, told the committee that his major concern with this legislation was that since his company had not asked for a rate hike since 1973 it was not fair to have this tax used for the intervention in gas and electric rate hike hearings and he saw no reason that the telephone companies should be taxed in this fashion.

Mr. Stan Warren, representing Nevada Bell, said that since you are dealing with people's pocketbooks rate hearings become an emotional issue and people begin to lose sight of the mechanics of making a utility run. He did not see a solution to the problem of having the PSC have to approve requests for intervention. This throws a political element into the situation that should not be there.

Mr. Joe Gremban, President of Sierra Pacific Power Company, spoke in opposition to the bill. An outline of his comments are attached as Exhibit 5.

Mr. Ernest Newton, representing the Nevada Taxpayers Association, spoke in opposition to the bill because he said it would be a waste of taxpayers' money.

No one else came forward to testify on A. B. 602.

There being no further business to come before the committee, Chairman Murphy thanked the audience for their patience and adjourned the meeting at 3:40pm.

Respectfully submitted,


Kim Morgan, Committee Secretary

GOVERNMENT AFFAIRS COMMITTEE

GUEST REGISTER

DATE: 4/5

NAME, ADDRESS & PHONE NO.	REPRESENTING	TESTIFYING ON BILL NO.
STEVEN STUCKER	CITY OF NORTH LAS VEGAS	AB 557, AB 602
CLARK J GUILD, JR	S W GAS UNION PAC RR	✓
Joe L. Greenham	Sierra Pacific Power Co.	AB 602
Tom Young	" " " "	✓
E. L. Newton	NTA	AB 602 ✓
Stan Warner	New Bell	AB 602
Tom Moore	Clark Co.	AB 557 549 602
LARRY HICKS	WASHOE COUNTY D.A.	AB 602
C. A. SODERBLOM	NEV. RR ASSOC.	✓
Richard L. Marsh	Nevada Mineral Properties	

GOVERNMENT AFFAIRS COMMITTEE

GUEST REGISTER

DATE: 4/5

NAME, ADDRESS & PHONE NO.	REPRESENTING	TESTIFYING ON BILL NO.
GENE PHELPS	HWY DEPT	AB554
Linda Brown	State Indian Commission	AB554
LAWRENCE ASTAR	RENO/SPARKS COLONY	AB554
ELTON STONES	ITC NEVADA	AB 554
James R. Allen	St. Indian Commission	AB554
Doug Martin	Envir Prot Svcs	AB549
Jerry Hall	Washoe County	Fuel Tax & Transit
Neil A Clark	PSC	AB602-595
HEBER P. HARDY	PSC	AB 602 - 595
R DENTON	CONTEL OF NEV	
Thomas W. Case	Central Telephone Company	AB602 ✓
Ernie Gregory Kelly Jackson	Nev. Envir. Prot Services Nev. P.S.C.	

LXN... 1

NEVADA INDIAN COMMISSION

1135 TERMINAL WAY
SUITE 109

RENO, NEVADA 89502

(702) 784-6248



NORMAN ALLEN
EXECUTIVE DIRECTOR

April 5, 1977

MIKE O'CALLAGHAN
GOVERNOR

Government Affairs Committee
Nevada State Assembly
Legislative Building
Carson City, Nevada 89710

Subject: AB554 - Increases the limit on value of surplus property which may be distributed to Nevada Indian tribes

To the Members of the Government Committee:

I wish to refer specifically to Section 2:

If no bid conforming to the requirements of NRS 333.464 is received from any county, incorporated city or volunteer fire department, the chief shall transfer to the Nevada Indian Commission possession of (so much or such) that part of the surplus tools, implements, machinery and other equipment (of) which has a total value not to exceed (\$10,000) \$40,000 in any fiscal year as the executive director of the commission has requested for distribution to (such) the Indian tribes, at no cost to (such) the tribes.

AB554, I assume would cover all units referred to in Section 2, Lines 7 through 14, that the Highway Department determines is no longer useable; is obsolete; or is excess property. I would also assume that the Highway Department places a value on each unit prior to bid opening. Again, I assume, bids then would be received only on the most useable and/or attractive surplus units. Thereafter, the tribes could only be considered when no bids are received from the entities named in Section 2.

Would it not be logical and more appropriate when no bids are received to assist the tribes in securing surplus equipment, etc., even though the surplus units were not operational, since they could be utilized for parts to make other like tribal equipment operational or to restore such tribal equipment to it's highest potential or optimum use. To provide the surplus equipment, etc. available to scrap vendors for complete stripping and thereafter, sold for scrap metal, would not be considered equitable to a group, who are not in a financial position to buy or bid, but, who now search for surplus equipment from every possible source available, including the various branches of the Defense Department where their equipment is totally or partially useable.

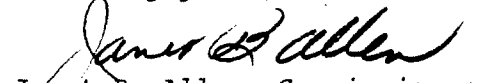
The Indian Commission receives numerous requests from tribes where surplus equipment may be used in the following programs:

Headstart
Education (Extra curricular activities of Indian students)
Housing Projects
Senior Citizens
Sanitation
Community Health Representatives (Transportation of Indian individuals to hospitals, clinics, dentists and optometrists)

Attached is a photo copy of a letter from Te-Moak Band of the Western Shoshone tribe which addresses the need for securing surplus vehicles.

We respectfully request favorable action on AB554.

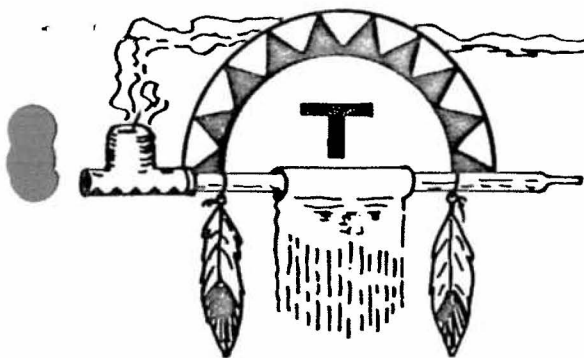
Sincerely yours,


Janet B. Allen, Commissioner
Nevada Indian Commission

JBA:elb

cc: Assemblyman Kosinski
Assemblywoman Brookman
Assemblyman Murphy ✓
Assemblyman Bremner
Assemblyman Dini
Assemblyman Barengo
Assemblyman Goodman
Assemblyman Price
Assemblyman Bennett
Assemblyman Jacobsen
Assemblyman Chaney
Assemblyman Craddock
Assemblyman Howard
Assemblywoman Gomes

Att: Letter from Te-Moak tribe
Copy of Biennial Report of Nevada Indian Commission



TE-MOAK BANDS OF WESTERN SHOSHONE

P. O. Box 1607
Elko, Nevada 89801

January 19, 1977

Chairman: Davis Gonzales
Director: William J. Woods

To: Indian Commissioner

Mr. Norman Allen
Executive Director
350 Third Street, Apt. 118
Reno, Nevada 89502

From: Te-Moak Bands of Western Shoshone
Te-Moak Tribal Council
Leslie L. Blossom, Chief

Subject: Request for surplus vehicles for Senior Citizens Program, Elko

Dear Sir:

The Senior Citizens Program in Elko begin to take interest in its members concerning the program with tribal elders in and around the colony. We have the luncheon program established at the Arts & Crafts Building in the colony held every day. But it seems to this point, that a good majority of the elders are not benefiting from this program due to lack of provided transportation to the center.

Also not mention the Indian elders residing in Urban Elko approximately 1½ miles away. If we were furnished with a vehicle through surplus or a source of such, I'm sure the luncheon participation would increase greatly, and home deliveries would cease to a minimum.

The regular meeting of the senior citizens held lack the full membership due to the same reason, no transportation.

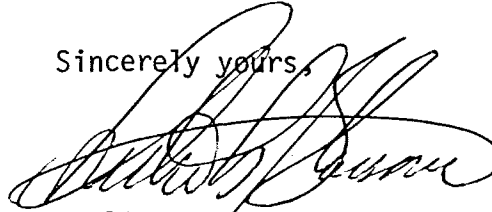
Other objectives of the program can be considered as taking outings, field trips, visitations to other colonies and reservations, and a social get together with the elders.

The Te-Moak Council would like to request a van and station wagon for the Senior Citizen Program in Elko, to insure the program to its maximum participation.

Your assistance and concern on this matter would be greatly appreciated by this office.

Any further questions concerning this request please contact Larry Piffero, Tribal Historian, or Leslie L. Blossom, Chief, Te-Moak Tribal Council, at this number: (702) 738-3708 or write at this address: 511 Sunset Street, Elko, Nevada 89801.

Sincerely yours,



Leslie L. Blossom, Chief
Te-Moak Tribal Council

cc: Roger Hunt, Chairman of the Indian Commission
Janet Allen, Member
Arthur Cavanaugh, Member
Winona Holmes, Member
Jackie Woods, Member

AMENDMENTS TO A. B. 437

Section 3: page 2 and line 12; Full and timely written notice of all meetings shall be given at least 24 hours before the meeting, except in an emergency. Full and timely written notice shall include:

- a) The date, time, location and agenda of the meeting.
- b) A copy of the notice posted at the principal office of the public body or if there is no principal office, at the building in which the meeting is to be held, and at least three other separate, prominent places within the jurisdiction of the public body.

"Emergency is an unforeseen combination of circumstances or the resulting state that calls for immediate action. An "emergency" is one which:

1. Results from the occurrence of a disaster such as, but not limited to, fire, flood, riot, power outage or disease; or
2. May lead to impairment of the health, safety or welfare of the public if not immediately attended to.

Section 4: Any final action taken in violation of this chapter is voidable by a district court. A suit seeking to void an action must be commenced within 90 days after the action was taken.

Section 5: 1. The attorney general shall enforce the provisions of this chapter.

2. Any person denied a right conferred by this chapter may commence a suit in the district court of the district in which the public body ordinarily holds its meetings or in which the plaintiff resides. A suit may seek to require compliance with or prevent violations of this chapter or to determine the applicability of this chapter to discussions or decisions of the public body.

Section 6: Exemptions:

1. Nevada Gaming Commission and State Gaming Control Board
 - a. As to a proceeding for the granting denial, suspension or revocation of a license or disciplinary proceeding with regard to such license.
2. Public Service Commission in a proceeding for rate making.
3. This section does not abrogate any requirement for public hearings.

Section 7: (Section 4 of current A. B. 437)

Section 8: (Section 5 of current A. B. 437)

Section 9: (Section 6 of current A. B. 437)

Section 10: (Section 7 of current A. B. 437)

Section 11: (Section 8 of current A. B. 437)

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING
CAPITOL COMPLEX
CARSON CITY, NEVADA 89710



LEGISLATIVE COMMISSION (702) 885-5627

JAMES I. GIBSON, *Senator, Chairman*
Arthur J. Palmer, *Director, Secretary*

INTERIM FINANCE COMMITTEE (702) 885-5640

DONALD R. MELLO, *Assemblyman, Chairman*
Ronald W. Sparks, *Senate Fiscal Analyst*
John F. Dolan, *Assembly Fiscal Analyst*

ARTHUR J. PALMER, *Director*
(702) 885-5627

FRANK W. DAYKIN, *Legislative Counsel* (702) 885-5627
EARL T. OLIVER, *Legislative Auditor* (702) 885-5620
ANDREW P. GROSE, *Research Director* (702) 885-5637

March 2, 1977

MEMORANDUM

TO: Assemblyman Patrick M. Murphy

FROM: Ron Sparks, ^{RS} Chief Deputy Fiscal Analyst
Office of Fiscal Analysis

SUBJECT: Dedication of One-Half Mill of the Current Three and
One-Half Mill Assessment

If one-half mill of the current 3 1/2 mill assessment for the support of the Public Service Commission were to be dedicated for other purposes, their reserve would be reduced by approximately \$160,000 in fiscal 1978 and by approximately \$328,000 in fiscal 1979. Based on the budget for the PSC as recommended for the next biennium, the reserve would become \$671,998 in fiscal 1978 and \$411,572 by the end of fiscal 1979.

If you have further questions, please contact me.

RS:ym

BEFORE THE PUBLIC SERVICE COMMISSION OF NEVADA

In Re Application by SIERRA PACIFIC POWER COMPANY for an order authorizing a \$9,267,000 increase in rates applicable to its Electric Department customers in the State of Nevada.

Docket No. 574
(Filed: December 1, 1975)

In Re Application by SIERRA PACIFIC POWER COMPANY for an order authorizing a \$718,000 increase in rates applicable to its Gas Department customers in the State of Nevada.

Docket No. 575
(Filed: December 1, 1975)

In Re Application by SIERRA PACIFIC POWER COMPANY for an order authorizing a \$1,222,000 increase in rates applicable to its Water Department in the State of Nevada.

Docket No. 576
(Filed: December 1, 1975)

Heard: February 19, 1976
April 13, 14, 15, 16, 19, 20
and 21, 1976
Reno, Nevada

Decided: May 24, 1976

APPEARANCES:

For the Commission:

Noel A. Clark, Chairman
Evo A. Granata, Commissioner
Heber P. Hardy, Commissioner
Jon Wellinghoff, Administrative Assistant

For the Commission Staff:

Robert L. Crowell, Esq.
Staff Counsel

For the Applicant:

Richard G. Campbell, Esq.
John Madariaga, Esq.

For the Intervenors:

Harrah's, Anaconda Company, Robert W. Marshall, Esq.
Carlin Gold Mining Company,
Eagle Picher Industries, Inc.,
Duval Corporation, U. S.
Gypsum

Counties of Washoe, Churchill, Richard Edelman, Esq.
Lyon, Douglas, Humboldt, Nye
Pershing, Storey and Mineral;
and the Cities of Carson City
and Winnemucca

Consumers:

Rose Strickland
M. Doulgas Miller
Gene T. Wheeler
C. O. Vanevery
Howard Noble
Louise Caruthers
Gene Menesini
Lewis Tyus
Kay Lockhard
Jon Swall
Michael Bell
Donald Ray
Carl Auer
Phillip Dennis
Ernie Stovall
Ken Burney
Jim Spain
Scott Brenneke
Richard Grauvogel
Rosalinda Geuvin
Brodie Baney
Bill Earnhardt
Chris Bertolino
George Bagby
J. Sloan Olin
William Ketner
Robert J. Patrucco

OPINION

Under consideration herein are three rate applications seeking authority to increase rates for water, gas and electric service provided by Sierra Pacific Power Company ("Applicant") to the ratepayers in its service area. The applications in Docket Nos. 574, 575 and 576 were filed on December 1, 1975 for the test period ending August 31, 1975 with the Public Service Commission of Nevada ("Commission"). The above applications were properly noticed to the public and a public hearing was held on February 19 and April 13, 14, 15, 16, 19, 20 and 21, 1976 in Reno, Nevada. In addition, a special consumer session was held at 7:00 P.M. on April 13, 1976 for the purpose of taking testimony from the consumers of Applicant.

Docket Nos. 574, 575 and 576 were consolidated for the purpose of hearing and decision on a consolidated record. The record consists of 2,090 pages of transcript in eight volumes and seventy-two (72) exhibits which were received into evidence.

The parties appearing in the instant proceeding were represented as set forth on pages one and two of this Opinion.

The Commission has prepared four (4) schedules to illustrate and clarify the basis for its decision in this case. Such schedules are attached hereto and incorporated herein as part of this Opinion and Order.

CERTIFICATION

NRS 704.110(3), effective July 1, 1974, states: "Whenever there is filed with the commission any schedule stating a new or revised individual joint rate, fare or charge, the public utility shall submit with its application a statement showing the recorded results of revenues, expenses, investments and costs of capital for its most recent 12-month period. During any hearing concerning such increased rates, fares or charges determined by the commission to be necessary, the commission shall consider evidence in support of the increased rates, fares or charges based upon actual recorded results of operations for the most recent 12 consecutive months for which data are available at the time of filing, adjusted for any increased investment in facilities, certain expenses as approved by the commission and costs of new securities which are known and are measurable with reasonable accuracy at the time of filing and which will become effective within 6 months after the last month of the actual 12-month results of operations; but no new rates, fares or charges may be placed into effect until such changes have been experienced and certified by the utility to the commission. Within 90 days after the filing with the commission of the certification required herein, or before the expiration of any suspension period ordered herein pursuant to subsection 2, whichever time is longer, the commission shall make such order in reference to such rates, fares or charges as may be required by this chapter." This section has been interpreted by the Commission to authorize it to consider certain changes in Applicant's capital structure, rate base and expenses for a period up to six months beyond the end of the test period of a general rate

application. The Commission has prepared Schedule No. 1 for the purpose of establishing the parameters of the types of adjustments which may be certified to by Applicant up to six months beyond the test period.

Applicant in this proceeding filed the certification of its out-of-period adjustments on March 2, 1976. Each item certified to by Applicant will be considered individually in the appropriate section below. The Commission's authorization or disallowance of Applicant's certified adjustments will be based on the guidelines set forth in Schedule No. 1

COST OF CAPITAL AND RATE OF RETURN

In determining the proper capital structure to be utilized in this proceeding, the Commission used as a base Applicant's actual capital structure as of August 31, 1975 as set forth on page 2 of Schedule No. 2. From this reference point the Commission made several adjustments in the various components of Applicant's capital structure as enumerated on the bottom half of Schedule No. 2, page 2. The Commission accepted Applicant's certification adjustments to its long-term and short-term debt and its customer deposits. Furthermore, the Commission agreed with Applicant's out-of-period adjustments for its employees' stock purchase plan, its dividend reinvestment plan, and its debits to capital stock expense. Each of these adjustments, which occurred during the six months certification period, fall within the definition of the cost of new securities as authorized in NRS 704.110(3) and defined in NRS 704.322. The Commission is concerned, however, about the amount of the stock sale expense which is listed as a \$76,000 debit to retained earnings on page 2 of Schedule No. 2. The Commission is of the opinion that such an expense is excessive if it is directly and entirely attributable to the employees' stock purchase plan of \$72,000 and the dividend reinvestment plan of \$217,000.

The Commission also accepted certain test period capital structure adjustments made by staff in this proceeding. These include adjustments to net non-utility property, investments in associated companies and other

investments. It should be noted that staff counsel stipulated that the stock financing expense of \$41,380 was an improper accounting adjustment and should be removed from Applicant's capital structure.

The adjustments to Applicant's capital structure as set forth on page 2 of Schedule No. 2 were carried forward to page 1 of Schedule No. 2 and are therein listed in the column headed "Commission Adjusted." Page 1 of Schedule No. 2 also lists the capital ratios and recommended costs of capital for each item of Applicant's capital structure as recommended by three separate witnesses in this proceeding. The primary issue discussed by these witnesses was the appropriate rate of return to be authorized for Applicant's common equity. The resulting overall rate of return produced by the recommended returns on common equity for Applicant suggested by these various witnesses is set forth on page 1 of Schedule No. 2. Each of these presentations is discussed in detail below.

Applicant's Presentation

Mr. Joe McKibben testified that he used a "comparable earnings" approach to compare Applicant with forty-six (46) major electric utility companies. These forty-six (46) companies were analyzed in an October, 1975 Oppenheimer Study which compared returns on common equity, capital ratios and earnings coverages for the period 1970 to 1974. Mr. McKibben further testified that the average return on common equity for the forty-six (46) companies selected was 12.4% and the median return was 12.2% for the period 1970 to 1974. Mr. McKibben also supplied data in this proceeding for thirty-five (35) utility companies showing an average return on common equity of 12.86% as allowed in recent rate cases. On page 16 of Exhibit No. 7, Mr. McKibben took the actual results of his forty-six (46) comparison companies and adjusted the weighted cost of common stock equity for Applicant with that of his comparison companies. This adjustment resulted in a calculated cost of common stock equity for Applicant of 14.28%. This figure was then further adjusted by Mr. McKibben to produce a debt interest coverage of 2.5 times. The latter adjustment resulted in a recommended return

on common equity for Applicant of 17.20%. This recommendation was then adjusted on Exhibit 15, page 1, to allow for certain changes in the capital structure due to Applicant's certification adjustments. The final recommended return on common equity, as testified to by Mr. McKibben in this proceeding, was 17.16% as set forth on page 1 of Exhibit No. 15 and column 1 of page 1, Schedule No. 2.

Large Power Service (LPS) Intervenor's Presentation

Dr. Hershel F. Jones testified on behalf of Harrah's, Anaconda Company, Carlin Gold Mining Company, Eagle Picher Industries, Inc., Duval Corporation and U. S. Gypsum (hereinafter "LPS Intervenor's") in this proceeding regarding a recommended return on common equity for Applicant. Dr. Jones testified that he analyzed data for the third quarter of 1975 on ninety-nine (99) electric utilities, six (6) telephone utilities and thirty-one (31) gas utilities from Investors Management Sciences, Inc. He segregated these utility companies into three groups: Group A comprised of twenty-two (22) companies with returns on common equity above 12%; Group B comprised of sixty-one (61) companies with returns on common equity between 9% and 12%; and Group C comprised of sixteen (16) companies with returns on common equity below 9%. Dr. Jones testified that his analysis revealed that only the Group A electric utilities with an average return on common equity of 13.51% seem to be successfully coping with the economic problems that beset the utility industry. Accordingly, Dr. Jones recommended a 13% to 14% range on common equity for Applicant in this proceeding. The results of Dr. Jones' range of recommended returns on common equity are set forth in columns 2 and 3 of page 1, Schedule No. 2.

Governmental Intervenor's Presentation

Mr. David Parcell testified on behalf of Washoe, Lyon, Churchill, Humboldt, Nye, Pershing, Douglas and Storey Counties, Carson City and the City of Winnemucca, Nevada. As an initial step in determining a proper return on common equity for Applicant, he made a general examination of the overall earnings of several

industry sectors, both regulated and unregulated, in order to determine equity earnings throughout a broad section of the economy. Next, in order to make a proper analysis of the cost of common equity for Applicant, Mr. Parcell evaluated Applicant's risks and required earnings by examining other utilities of similar nature. In determining the risk factor associated with investment in a particular company, Mr. Parcell analyzed the type of industry, its management, the size of the firm, its earnings record, demand for its produce, and its financial structure. He utilized these criteria to serve as a basis for a comparison of risks between one firm and another. In further support of his risk analysis of Applicant, Mr. Parcell theorized that the purported higher financial risk of a utility which comes about from higher percentage of debt financing is a valid concept if a comparison is made with firms with nearly the same business risk. This business risk, he stated, must be considered before the financial risk becomes relevant. Because he determined that the business risk of Applicant is relatively low, Mr. Parcell concluded that the extent of Applicant's financial risk is minimally important in determining Applicant's total investment risk.

Finally, Mr. Parcell employed the comparable earnings analysis to determine the cost of common equity to Applicant. Mr. Parcell selected a group of fourteen (14) electric utility companies for his comparison taken from the 111 electric utilities referred to on Schedule 8 of Exhibit No. 34. These fourteen (14) companies had operating revenues in 1974 of between \$25,000,000 and \$150,000,000, electric plant of \$500,000,000 or less, common equity ratio of 22% to 35%, and electric operations accounting for 55% to 100% of total revenue. In addition, he further examined seven of these fourteen electric companies with electric revenues between 55% and 85% of total revenue. The average return on common equity for the entire group over the ten year period from 1965 to 1975 was 11.5%. This return was compared with an average return on common equity earned by Applicant of 11.4% over the period. Based on this comparable earnings

analysis, Mr. Parcell recommended a return on common equity for Applicant in this proceeding in the range of 12% to 13%. The results of Mr. Parcell's recommended range of returns on common equity between 12% and 13% are set forth in columns 4 and 5 of page 1 of Schedule No. 2.

Staff Presentation

Staff did not present, in this proceeding, a witness who recommended a specific return on common equity for Applicant. Staff did, however, calculate the overall rate of return to be expected by Applicant based on Applicant's present rate of return of 13.75% and its recommended rate of return of 17.16%. These calculations are set forth in columns 6 and 7 of page 1, Schedule No. 2.

Discussion

As stated in a recent Opinion in Docket No. 549, this Commission will adhere to the standards set forth by the United States Supreme Court in Federal Power Commission vs. Hope Natural Gas, 320 US 281, and Bluefield Water and Improvement Company vs. West Virginia Public Service Commission, 262 US 679, to determine a proper return on common equity for public utilities in this jurisdiction. The Commission is of the opinion that the Hope and Bluefield cases require a regulatory commission to authorize a public utility an overall rate of return which meets the following criteria:

1. A return commensurate with the returns being earned on investments of other business undertakings which are attended by corresponding risks and uncertainties.
2. A return sufficient to enable the regulated utility to maintain its credit standing, service its outstanding debt and equity, and preserve its financial integrity.
3. A return sufficient for the regulated utility to attract new capital.

In fulfilling the above criteria this Commission has consistently been guided by the comparable earnings test in determining a fair and reasonable return

on common equity for regulated public utilities. In this proceeding all three witnesses who testified to a recommended return on common equity for Applicant alleged that they utilized the comparable earnings method in making their recommendation. The Commission is of the opinion that Dr. Jones and Mr. Parcell did in fact utilize a form of the traditional comparable earnings test in arriving at a range of recommended returns on common equity for Applicant between 12% and 14%. The Commission was not persuaded, however, that the 17.16% return on common equity recommended by Mr. McKibben was derived by utilizing a valid comparable earnings approach.

Mr. McKibben initially stated that in computing the cost of capital it is necessary to use a sound capital structure which will provide debt with adequate protection and yet will also contain enough leverage so that equity earnings are sufficient but not made so volatile as to become speculative gambles. (Tr. 2/19/76, 73:12-16). Thus, at the outset, Mr. McKibben admits it is the responsibility of the company's management to keep its equity ratio in line with the other components of its capital structure. Later Mr. McKibben contradicts this assertion by suggesting that an allowance must be made for Applicant's comparatively thinner common stock equity base before a proper evaluation can be made concerning the required return on common equity for Applicant. Mr. McKibben then equates the investment risk of Applicant to the amount of senior capital in its capital structure. Here Mr. McKibben fails to make the distinction between business risk and financial risk as was made by Mr. Parcell in his presentation. Based on his concept of risk, Mr. McKibben makes a significant adjustment to Applicant's recommended return on common equity by requiring a debt interest coverage of 2.50 times. Mr. Gremban stated on cross-examination that an interest coverage of 2.5 times was chosen by Applicant as a "constant" because it is a minimum figure for the company to maintain its financial integrity. (Tr. 4/13/76, 93:14-8, 94:1-24). This testimony would indicate that Applicant chose the interest coverage figure of 2.50 times as a desired goal and calculated a required

return on common equity utilizing this level of coverage. This conclusion is substantiated several times by the testimony of Mr. McKibben during the course of his cross-examination and is clearly admitted by him on the record in the following exchange: "Question: you didn't put the common equity first and then make the calculation; you made the calculation of the interest coverage first and then the result was that your common equity percentage had to be a residual figure? Answer: That is correct." (Tr. 4/20/76, 136:25-29). Furthermore, Mr. McKibben utilized as a basis for the 2.50 interest coverage requirement, the data on interest coverages for thirty-five (35) selected companies as set forth on page 9 of Exhibit No. 7. The average interest coverage of the thirty-five (35) companies was 2.57. After Commission inquiry at hearing it was admitted by Mr. McKibben that the test year base for the data contained on page 9 of Exhibit No. 7 was, in some cases, as early as 1972. (Tr. 4/20/76, 132:23-28). The Commission has determined that such dated information should not be utilized in determining currently required interest coverages for the public utility industry.

The Commission is of the opinion that Applicant's exclusive reliance on an interest coverage of 2.50 times resulted in an unreasonably excessive recommended return on common equity. This Commission may look to interest coverages as one indicator of reasonableness of a particular return on common equity, but the ultimate determination of just and reasonable return on common equity for regulated utilities must meet the three standards outlined in the Hope and Bluefield cases as enumerated above. The Commission is of the opinion that Applicant's utilization of a 2.50 times interest coverage as the primary determinate of a recommended return on common equity in this proceeding places exclusive reliance on the criteria of authorizing a return sufficient for the regulated utility to attract new capital. That test is only one of the three criteria which must be fully considered under the Hope and Bluefield decisions. This Commission has determined, and so stated in prior opinions, that major emphasis must be given to authorizing a return to Applicant which is commensurate

with returns being earned on investments of other business undertakings which are attended by corresponding risks and uncertainties. Applicant completely failed to take this primary criteria into consideration in making its analysis of a recommended return on common equity herein. Accordingly, the Commission must reject the rate of return on common equity recommended by Applicant in this proceeding and consider the range of returns suggested by the governmental and LPS intervenors.

Mr. Parcell and Dr. Jones recommended a range of returns on common equity for Applicant in this proceeding between 12% and 14%. Based on all of the testimony and evidence of record, the Commission is of the opinion that Applicant should be authorized a return of 14.00% on common equity. This return will result in an overall return of 9.36% on Applicant's adjusted capital structure as set forth on column 8 pf page 1, Schedule No. 2. This Commission has determined that an overall rate of return of 9.36% for Applicant is just and reasonable under the criteria set forth in the Hope and Bluefield cases.

RATE BASE

The Commission has prepared pages 1 through 3 of Schedule No. 3 setting forth the adjustment to Applicant's rate base calculations for its electric, gas and water departments. The Commission has accepted most of staff's adjustments as set forth on its Exhibit No. 46, page 4 to Applicant's rate base calculations. Each of these adjustments as allowed or disallowed by the Commission will be discussed below. The Commission utilized the principles set forth under item No. 2, Rate Base, in Schedule No. 1 for determining which adjustments were properly includible in the six month certification period authorized by NRS 704.110(3). The Commission only authorized those rate base adjustments beyond the test period which reflected increased investments in facilities of the Applicant and which were actually experienced and certified to by Applicant during the six month certification period.

Adjustments made by this Commission to Applicant's rate base for each of its departments are based on the same theoretical assumptions regardless of the department to which they apply. Accordingly, the following discussion may specifically relate to Applicant's electric department, but the rationale for each rate base adjustment will apply to the analogous item in its gas and water departments as well.

The first adjustment made by this Commission to Applicant's electric department rate base is the inclusion of an additional \$66,000 in that rate base amount to reflect the reinclusion of retirements from rate base which were made originally by Applicant. It is the opinion of this Commission that NRS 704.110(3) requires that only new plant may be certified to in the six month period beyond the test period. The statute does not provide for net adjustments to rate base to reflect retirements during that period.

The second adjustment made by staff and accepted by this Commission was a further reduction, by \$193,000, to Applicant's unamortized investment tax credit for prior years. The effect of this adjustment is to eliminate the

company's amortization of its prior investment tax credit for the September through December 1975 period as proformed for the test period ending August 31, 1975.

The third adjustment made by staff, and accepted by this Commission, to Applicant's electric department rate base reverses the company's proforma adjustment and increases rate base for liberalized depreciation on plant additions. This adjustment is associated with a depreciation expense adjustment which was made for additional plant units closed to plant in service between August 31 and December 31, 1975. It is the opinion of this Commission that under the provisions of NRS 704.110(3) Applicant may certify to an increase in the unit rate of an item which increases up to six months beyond the test period, but Applicant may not certify to an increase in the number of units of an item during the certification period. This third adjustment of staff represents an increase by Applicant in the number of units of plant and as such is not proper under certification procedures authorized by NRS 704.110(3).

The fourth adjustment made by staff, and accepted by this Commission, is for increased book depreciation accruals applicable to plant in service additions. This was reversed by staff as accruals of Applicant related to additional plant units that were beyond the test period ended August 31, 1975. Again, this is an adjustment which represents an increase in the number of units rather than the unit rate of a particular item and is therefore an improper item for certification by Applicant.

The fifth adjustment of staff, relating to vacation payroll accruals in the amount of \$6,000 was one which was accepted by Applicant and was so stipulated to by Applicant's counsel on the record.

The sixth adjustment set forth on page 1 of Schedule No. 3 relates to executive payroll classifications. This adjustment is to give the rate base effect to reclassifying expense and capitalized payroll charges which are distributed on the basis of work description. The company changed its allocation

method on June 1, 1975 which, based upon staff's examination, resulted in this adjustment. Staff's review of the Applicant's executive time allocation sheets and company bulletins regarding executive changes indicated an allocation different from that made by the company. This review resulted in the \$22,000 adjustment to rate base accepted by the Commission on Schedule No. 3.

The Commission did not accept staff's adjustment for payroll classifications at Tracy No. 3. It was brought out on cross-examination of Applicant's witness, Mr. McKibben, that the Tracy 3 payroll classifications as originally made by Applicant were correct and no adjustment was therefore required.

The Commission also did not accept staff's reallocation of telephone expenses and the resultant rate base effect of such reallocation in the amount of \$37,000. Testimony of record indicates that staff failed to consider that the telephone expenses attributable to Applicant's construction program would be insignificant in relationship to its total telephone expenses. This is due to the fact that most of the construction employees would be in the field and not in a position to use the telephone on a continuing basis.

The Commission also did not accept staff's adjustment attributable to Applicant's change in depreciation rates for its transportation equipment. This depreciation rate has been in effect for a period of nearly two years and the record does not contain substantial evidence which would indicate a modification or reversal of this rate should be made. However, it is the opinion of the Commission that at no time in the future should Applicant modify any of its depreciation rates for either transportation equipment or any other items of its property without first applying to this Commission for authorization to make such a change.

The seventh staff adjustment accepted by this Commission for overhead capitalization in the amount of \$56,000 represents the increase in the rate base necessary to give effect to staff's restatement of capitalized overheads utilized in the company's "supervisory method" which has been consistently applied during the calendar year 1974.

The eighth adjustment to Applicant's rate base authorized by the Commission for installation costs of meters and transformers reflects an increase in rate base resulting from staff's utilization of current payroll rates and overhead allocations at the December 31, 1975 level for installation costs, rather than the 1971 level utilized by the company.

The Commission accepted staff's adjustment for deferred income taxes for liberalized depreciation. This adjustment results from the correction of a method utilized in the calculation of such deferred income taxes, and gives effect to this correction for the current year plus prior periods. As determined by Applicant's auditors, Coopers and Lybrand, the company utilized a book basis for retirements rather than a tax basis. This improper accounting procedure resulted in a staff adjustment to the electric department rate base in the amount of \$333,000.

The final staff adjustment accepted by this Commission to Applicant's rate base in its electric department in the amount of \$205,000 relates to deferred income taxes for rate cases and general studies. This staff adjustment is based on the theory that all deferred taxes should be deducted from rate base regardless of their nature. The Commission is in concurrence with this theory and accordingly, made the appropriate adjustment.

In addition to the staff adjustments to Applicant's rate base as authorized by the Commission above, the Commission has determined that two additional adjustments of Applicant's rate base are required. First, regarding Applicant's accumulated deferral of transmission line fixed costs in the amount of \$1,171,000, the Commission is of the opinion that there is no evidence on the record to substantiate Applicant's figures. Furthermore, the Commission has not allowed similar adjustments to be made to Applicant's electric department rate base in prior rate proceedings. Accordingly, the Commission disallowed this adjustment.

The final modification to Applicant's rate base made by this Commission was in the area of its working capital. The Commission reduced Applicant's working capital from the amount proposed by Applicant in Exhibit No. 16, page 4, of \$6,909,000 to the Commission adjusted \$5,063,000 as set forth in the final column on page 1 of Schedule No. 3. This adjustment was based on the Commission's traditional treatment of materials and supplies utilizing a thirteen month running average, when there is shown to be significant fluctuations from month to month. Applicant's figure was predicated on year-end materials and supplies, a method which has been consistently rejected by this Commission. Accordingly, the appropriate reduction to Applicant's working capital was made by the Commission.

The result of the above described adjustments made by the Commission to Applicant's rate base produces a total rate base for Applicant's electric department in the amount of \$169,603,000 as set forth in column 4 of page 1, Schedule No. 3. As mentioned above, the basis for adjusting each item of Applicant's rate base in its electric department is equally applicable to analogous items in Applicant's gas and water departments. The total adjusted rate base for Applicant's gas department is \$20,811,000 as set forth on the last column of page 2, Schedule No. 3, and the Commission's adjustments to Applicant's rate base in its water department result in a total rate base for that department of \$30,916,000 as set forth on the last column of page 3, Schedule No. 3.

REVENUE AND EXPENSES

The Commission has prepared pages 1 through 10 of Schedule No. 4 setting forth its adjustments to Applicant's revenue and expenses in this proceeding. In making a determination regarding the appropriate adjustments to be made to Applicant's expense items the Commission has followed the principles outlined in Section 3 of Schedule No. 1, Expenses. That section generally allows increases to Applicant's expenses up to six months beyond the end of the test period of the application where such increases are attributable to an incremental rise in the unit cost of a particular item. The Commission is of the opinion, however, that NRS 704.110(3) does not allow the Commission to authorize adjustments beyond the test period which represent increases in the number of units of a particular item, thus in effect authorizing the use of a future test period. The theory underlying this position is that the number of units of a particular item of expense should not be considered beyond the test period unless revenues for the period are also considered. NRS 704.110(3), however, has no provision for the certification by the utility of revenues beyond the test period. Thus, to ensure that certification procedures are consistent with the Commission's duty to set just and reasonable rates, the Commission is of the opinion that only unit rate changes in expense items should be considered under NRS 704.110(3).

Furthermore, the Commission will only consider utility certified increases in expense items as set forth on Schedule No. 1 up to six months beyond the test period which are estimated with reasonable accuracy in the initial rate application filed with the Commission and actually experienced by the utility during the six months following the test period. The Commission is of the opinion that each of the above criteria must be satisfied to comply with the certification provisions of NRS 704.110(3). It is also the Commission's opinion that under NRS 704.110(3) no other party to a rate proceeding may certify to or recommend increases in Applicant's post test period expenses. The Commission has determined that the principles and procedures set forth above should also apply to

certification procedures for rate base and new securities items.

Notwithstanding the restrictions placed on a utility by NRS 704.110(3) regarding certification of revenues, the Commission has authorized unit rate changes to Applicant's revenues which are known and measurable beyond the test period in prior proceedings under the Commission's general statutory powers, and will continue to make such adjustments in the future.

It should further be stated that the adjustments discussed below under the specific revenue and expense sections will apply in a like manner to Applicant's electric, gas and water departments. Thus, the discussion may refer to a specific amount in Applicant's electric department but the principle underlying that adjustment will in most cases be equally applicable to the analogous item in its water and gas departments.

Revenues

The first adjustment made by this Commission to Applicant's revenues was a disallowance of an additional \$64,000 in revenues as proposed by Applicant in its Exhibit No. 16 for amortization of its Southwest Gas refund. This amortization represents an annualization of this particular item and is therefore an increase in the number of units rather than the unit rate of the item. Thus, according to the principles outlined above, the Commission disallowed this adjustment to Applicant's revenue.

The Commission did not accept the adjustment of Mr. Hugh Larkin, witness for governmental intervenors, in the amount of \$46,000 for alleged gains on reacquired securities. The Commission has made adjustments for a utility's reacquired securities in prior proceedings, but such adjustments have always been made to the utility's capital structure rather than its revenues. No compelling evidence was offered on the record in this proceeding to convince the Commission that a revenue adjustment of this item is proper. The Commission does agree, however, that an adjustment may be made to the utility's capital structure for its gains on reacquired securities as long as such adjustment is amortized

over the remaining life of the bond that was retired.

The Commission also did not accept the adjustment made for Applicant's unbilled revenues as proposed by Mr. Larkin. This Commission has stated in prior opinions that it is in agreement with the theory of adjusting for unbilled revenues of a utility. This record indicates, however, that the method utilized by Mr. Larkin in making his unbilled revenue adjustment relied on estimates which were not shown to be accurate. Accordingly, the Commission must disallow Mr. Larkin's unbilled revenue adjustment.

The total of the adjustments authorized by the Commission to Applicant's revenues is \$17,535,000 for the Nevada jurisdictional electric department as set forth on page 4 of Schedule No. 4; \$3,246,000 for the Nevada jurisdictional gas department as set forth on page 6 of Schedule No. 4; and \$288,000 for the Nevada jurisdictional water department as set forth on page 8 of Schedule No. 4. The above revenue adjustments are the result of annualizing Applicant's revenues to reflect the rates in effect as of November 1, 1975 applied to the units sold during the test period.

Expenses

The first staff adjustment to Applicant's expenses accepted by this Commission reduces the company's proforma costs by \$253,000 for fuel expense which was capitalized during the testing of Tracy No. 3. Also included in this reduction is an amount related to company errors in consumption cutoffs. Staff testified that it utilized actual consumption figures for the test period based upon inventory records reviewed.

The second staff adjustment to Applicant's expenses accepted by the Commission as set forth on page 4 of Schedule No. 4 represents a reversal of Applicant's adjustment for increased cost of maintenance expenses. This adjustment was eliminated by staff because the proforma expense is the result of additional units of labor which were beyond the test period. Such reversal is consistent with the Commission's policy of only authorizing changes in the

unit rate of an item rather than a change in the number of units outside the test period.

The next adjustment to Applicant's expenses approved by this Commission is a reduction of its increased payroll costs. This adjustment is attributable to the difference between Applicant's performing executive payroll increases at 7.8% and staff performing those increases at the exact amount granted to each individual executive.

The next adjustment made by staff to Applicant's expenses was a reduction of its increased employee benefits. Here the company utilized out-of-period estimated pension accrual for 1976, whereas staff testified it performed pension costs based on August 31 accrual, which was consistently applied through 1975. An additional reduction in this area was attributable to company's understated recorded expense for the test period ended August 31, 1975, which resulted from using an amount other than was actually recorded in its books. Also, staff testified to a difference between company and staff methods of determining the increased capital costs by department. Furthermore, staff determined the company overstated actual recorded capitalized construction for the test period. The Nevada jurisdictional effect on Applicant's electric department expenses for these decreases in employee benefits amounts to \$70,000 as set forth on page 4 of Schedule No. 4.

The Commission made three adjustments to Applicant's expenses which were not recommended by staff but were necessary to be consistent with this Commission's stated policies of allowing only increases in unit rates beyond the test period. Applicant's adjustments for its increased insurance costs at Tracy 3, its amortization of general studies expenses and its amortization of rate case expense all represent items where the number of units has been changed beyond the test period. Thus, under IRS 704.110(3) and the policies and practices of this Commission, such adjustments must be disallowed.

The Commission accepted staff adjustment to Applicant's expenses in the

areas of vacation pay accrual, payroll classification of executives, overhead capitalization, installation costs of meters and transformers, and capital stock expenses. The rationale for accepting these adjustments is fully set forth in discussion of rate base items above. Furthermore, the Commission's disallowance of staff's adjustments to payroll classification at Tracy 3 and Applicant's telephone expense are also set forth in the discussion of rate base.

The Commission is of the opinion that the expense adjustments for payroll classification of executives, staff adjustment No. 2; payroll classification for Tracy 3, staff adjustment No. 3; contingency reserves for injuries and damages, staff adjustment No. 5; overhead capitalization and respective adjustments to plant reserve accounts, staff adjustment No. 7; and adjustment for installation of costs of meters and transformers, staff adjustment No. 8 should be recorded on the books of the company to properly reflect results of operations. The recording of these adjustments on the company books was recommended at hearing by staff witness, Mr. Silva and is in the opinion of this Commission, a proper accounting procedure.

The Commission did not accept Mr. Larkin's adjustment for the information service department of Applicant. Mr. Larkin suggested that all expenses related to the company's information service department be eliminated. This recommendation was based on his conclusion that the expenses in this department which are incurred in the public's interest, such as providing energy conservation information to the public, are not easily identified and segregated from expenses which have other purposes. This Commission issued an Order to Produce Documents dated March 16, 1976 wherein Applicant was required to submit to the Commission an accounting of all expenses associated with its information services department. This information, marked at hearing as Exhibit No. 25, was explained in detail by Applicant's witness, Mr. Lewis. The Commission is of the opinion that the present information service department is providing a service which is of a positive

benefit to Applicant's ratepayers. The Applicant should be cautioned, however, that its information service department should not be utilized as a source of funding for lobbying or improper advertising expenses which are inconsistent with the interests of its ratepayers and national energy conservation goals.

The total operating and maintenance expense adjustment for Applicant's Nevada jurisdictional electric department is \$11,079,000 as set forth on the last column of page 4 of Schedule No. 4. Total operating and maintenance expense adjustment for Applicant's Nevada jurisdictional gas department is \$2,971,000 as set forth in the last column on page 6 of Schedule No. 4, and the total operating and maintenance expense adjustment for Applicant's Nevada jurisdictional water department is \$28,000 as set forth in the last column on page 8 of Schedule No. 4.

In the area of depreciation the Commission accepted staff's adjustment for depreciation on plant after August 31, 1975, in the amount of \$730,000. This adjustment simply reverses the company depreciation adjustment related to unit plant increases during the period September 1, 1975 through December 31, 1975. Again this is an out-of-period adjustment which increases test year units and therefore is improper.

As discussed in the rate base section above, the Commission made no adjustment for Applicant's changes in its depreciation rates for its transportation equipment.

In the area of taxes other than income taxes, the Commission reversed entirely Applicant's adjustment for its increased Nevada property taxes. This adjustment was based on the fact that Applicant's treatment of this item represents a change in the number of units beyond the test period plus an estimated change in the unit rate which was not actually experienced by Applicant. Applicant's witness, Mr. McKibben, testified on the record that he would not be able to certify to the increased Nevada property tax rate until May or

June of 1976. He further stated that his estimate of this increase may never be experienced. (Tr. 4/21/76, 216:13-28, 217:1-2). Accordingly, the Commission has reversed Applicant's increased property tax adjustment in the amount of \$193,000.

The Commission has reduced the amount of Applicant's increased payroll taxes as certified to in its Exhibit No. 16 by \$4,000 for a total increased electric department payroll tax amount of \$36,000 as set forth on page 5 of Schedule No. 4. This reduction actually represents a recognition by the Commission that Applicant's original application in this proceeding contained a request for an increase in its payroll taxes in the amount of \$36,000. The \$42,000 figure submitted in Exhibit No. 16 is an increase over the amount originally applied for by Applicant and as such must be denied or treated as an amendment to Applicant's original application. Certification procedures as outlined in NRS 704.110(3) do not authorize a utility to submit increased unit costs beyond the test period which were not originally estimated by the utility in its initial filing. Accordingly, this Commission is of the opinion that it is proper to maintain Applicant's increased payroll tax expense at the \$36,000 amount as originally filed in its application on December 1, 1975.

The Commission disallowed staff's adjustment to Applicant's increased payroll taxes in the amount of \$53,000. This Commission is of the opinion that NRS 704.110(3) does not authorize any party other than Applicant to certify to or recommend to this Commission increases beyond the test period in the unit cost of items which were contained in the application as filed. Certification procedures are specifically limited by statute to the utility making an application for a change in its rates and charges, and may not be used by any other party to the proceeding.

The rationale for remaining adjustments made by the Commission to Applicant's deferred income taxes was discussed in the rate base section above.

As previously stated, the reasons given for this Commission's adjustments to Applicant's Nevada jurisdictional electric department expenses are equally applicable to those analogous expenses in Applicant's gas and water departments. Those adjustments are set forth on pages 6 through 9 of Schedule No. 4.

In reviewing Applicant's income tax calculation for its revenues and expenses, the Commission has made an adjustment to debt expense. The computation of the Commission's adjustment is fully set forth on page 10 of Schedule No. 4. Staff testified to the amount of CWIP as of August 31, 1975. This figure (\$22,373,000) is found in column 1, page 10, of Schedule No. 4. From this amount it is necessary to subtract the amount of CWIP closed to plant for the period September 1, 1975 to December 31, 1975. Applicant testified that \$21,667,000 of CWIP was closed to plant as of December 31, 1975. This figure is found in column 2, page 10, of Schedule No. 4 as taken from Applicant's Exhibit No. 14, page 3. The resultant subtraction produces total non-operating net investment in the amount of \$706,000 as set forth on column 3, page 10 of Schedule No. 4. The Commission then accepted staff's figures for "non-utility plant" and "Gas Plant Held for Future Use" as taken from the books of the company as of August 31, 1975. Utilizing these figures and the net plant investments as testified to by staff plus the additions certified by Applicant, the Commission calculated the total Nevada jurisdictional interest adjustment for the test year. This adjustment of \$777,000 is set forth on column 9, page 10, of Schedule No. 4.

The primary difference between Applicant's calculation of interest expense and that determined by the Commission results from Applicant's attempt to increase the amount of non-operating net investments (identified by Applicant on page 6 of Exhibit No. 16 as "exclusions - non-utility plant, gas plant held for future use, and construction work in progress) from \$5,481,000 shown as "exclusions" on page 11 of Exhibit No. 9 to \$11,052,000 shown as "exclusions"

on page 6 of Exhibit No. 16. It appears that included in the \$5,481,000 figure was an amount for non-utility plant, gas plant held for future use, and CHIP, although Applicant made no breakdown of the separate items. Applicant's certification, Exhibit No. 16, page 6, reflects the total figure of \$11,052,000 and a figure of \$9,036,000 for CHIP alone, which amount is substantially greater than the total originally submitted in Exhibit No. 9.

Thus, it appears that Applicant attempted to add CHIP recorded after August 31, 1975 and not closed to plant as of December 31, 1975. The effect of such action would be to increase the allocation of interest expense attributable to non-operating net investments, and to decrease the allocation of interest expense to utility operations used in the calculation of federal income tax, resulting in an increase in revenue requirement. The Commission is of the opinion that such an item of expense is not one which falls within the guidelines established in this Opinion and Order pursuant to NRS 704.110(3) as set forth on page 1 of Schedule No. 1.

Revenue Requirements

From the above adjustments to Applicant's revenues and expenses, the Commission has determined Applicant's increased revenue requirements for its Nevada jurisdiction are as follows:

1. \$2,935,000 for its Nevada jurisdictional electric department as set forth on page 1 of Schedule No. 4.
2. \$351,000 for its Nevada jurisdictional gas department as set forth on page 2 of Schedule No. 4.
3. \$488,000 for its Nevada jurisdictional water department as set forth on page 3 of Schedule No. 4.

The revenue requirement for each of Applicant's departments is based on an overall rate of return of 9.36% as found to be just and reasonable by this Commission.

RATE DESIGN

Employee Discounts

At the consumer portion of this proceeding on February 19, 1976, the question of the propriety of employee discounts for electric, gas and water service was raised. In addition to the objections stated by consumers at that proceeding to the discounts received for utility services by Applicant's employees, the Commission received numerous written protests regarding this matter. In an effort to investigate the issue of employee discounts further, the Commission issued an Order to Produce Documents dated March 16, 1976, wherein Applicant was required to submit a schedule listing the account number and monthly consumption of all present and retired employees who are receiving discounts for electric, gas and water service for the twelve months ended August 31, 1976.

It was testified to at hearing that all of Applicant's full time and retired employees presently receive a 50% discount on their electric and water service and a 25% discount on their gas service from Applicant. Applicant has provided this fringe benefit to full time and retired employees as a matter of company policy for many years. Applicant's witness, Mr. Gremban, testified that at the time the employee discount was put into effect it was not contemplated that utility rates would increase as rapidly as they have in the last three or four years. Thus, it was admitted by Applicant that its employees receive an additional "benefit" from the employee discount every time rate increases are authorized. In light of this situation Applicant suggested that it might be desirable to freeze the employee discount at its present level thus making the employees pay all future increases as do its other customers. It was further stated on the record that inequities exist between employees as to the amount of the discount on utility services provided to each employee. This is due to the fact that the amount of the discount varies widely for each employee depending upon the monthly quantity of gas and electricity utilized by the employee and the members of his family. A further variance exists

due to the fact that all utility services are not available to all of Applicant's employees.

In a period of rapidly rising energy costs, this Commission, as well as the average ratepayer, is understandably concerned about excessive consumption of electrical energy and natural gas by a particular class of Applicant's customers, i.e. its employees. Mr. Gremban, President of the company, admitted that the discount received by Applicant's employees for electrical energy negates their economic incentive to conserve electricity. (Tr. 4/14/76, 35:21-27). This general statement regarding employee consumption of electrical energy was further quantified by Mr. Branch, Applicant's Manager of Financial Planning and Regulatory Affairs. Mr. Branch stated that the average annual consumption for its residential customers in 1975 was 8,854 kilowatt hours. (Tr. 4/15/76, 209:10-11). This figure was compared by Mr. Branch to the average annual electric consumption of its employees for 1975 of 11,770 kilowatt hours. (Tr. 4/15/76, 209:12-13). Mr. Branch also stated that the average annual residential consumption of natural gas for 1975 was 40 therms; whereas the average annual consumption of natural gas for employees for 1975 was 1,047 therms. Mr. Branch attributed the 33% higher electrical energy consumption of employees to an assumption that a larger percentage of company employees heat their homes with electric space heating than do general residential customers. This assumption was not substantiated on the record by Mr. Branch. (Tr. 4/15/76, 211:22-28). Furthermore, no speculation was offered by Mr. Branch regarding the reasons for Applicant's employees consuming 10% more natural gas than the average residential customer.

The unsubstantiated assumption made by Mr. Branch to explain the excessive electrical energy consumption of its employees is easily rebutted by examining Applicant's monthly reports. On page 27 of Applicant's monthly financial report dated December, 1975, there is contained consumption data for the use of electrical

energy for water heating. This data is segregated into general residential customers under the WS designation and employee water heating for the 12 months ended December, 1975. In analyzing these two rate schedules, each which excludes electrical energy use for space heating, it is possible to compute the average yearly consumption of electricity for heating water for general residential customers and employees of Applicant. Such a computation results in an average annual consumption of electricity used for water heating by general residential customers of 4,654 kilowatt hours per year and an average annual consumption of electricity for water heating by Applicant's employees of 5,548 kilowatt hours per year. Thus, the average annual employee consumption of electrical energy for heating water is 19% greater than the analogous use of electrical energy by Applicant's general residential customers. It is evident, therefore, that the excessive consumption of electrical energy by Applicant's employees is not solely attributable to or correlative with the assumption that a larger percentage of Applicant's employees have installed electrical space heating than the general residential customers.

Based on the foregoing analysis, the Commission is of the opinion that Applicant's employee discounts for electric, natural gas and water service should be phased out in order to encourage conservation of these precious resources. It is the hope of the Commission that the elimination of the employee discount for utility services will encourage Applicant's employees to transform their energy consuming households into energy conserving residences which serve as models for the surrounding community. In the context of rapidly escalating energy costs which presently result in similarly escalating benefits to employees; and the stated policy of this Commission to promote and encourage conservation of energy and natural resources, it is the opinion of the Commission that employee discounts for utility services are unreasonable and preferential under the terms of WRS 704.120(1). Accordingly, the Commission has devised a procedure as set forth

below whereby Applicant's employee discounts for electric, gas and water service will be phased out and eliminated by May 1, 1977.

Extensive testimony was presented at hearing regarding the legal authority of this Commission to unilaterally eliminate employee discounts for Applicant's Union employees. In addition to the testimony at hearing regarding this matter, the Commission has received a statement of position of the International Brotherhood of Electrical Workers (IBEW) Local Union 1245 by John J. Wilder, Assistant Business Manager, and John L. Anderson, counsel for IBEW Local Union 1245. The Commission is also in receipt of a brief of Sierra Pacific Power Company on the issue of employee utility service discounts. The basic conclusion of these documents is that the applicable statutes and case law support a general principle of labor law that an employee benefit which falls within the scope of Section 8(d) of the National Labor Relations Act (28 USCA Section 158) may not be taken away by unilateral action of the employer without first resorting to collective bargaining. It is further stated in the brief of Applicant that the case National Labor Relations Board v. Central Illinois Public Service Company, 324 F.2d 916 (7th Cir. 1963), held that an employee discount, similar to the one under consideration herein, should be considered an employee benefit under the terms of the National Labor Relations Act (NLRA); and therefore is subject to mandatory collective bargaining. Furthermore, the brief of counsel for IBEW Local Union 1245 concludes that a ruling by the Commission eliminating employee discounts would preclude the employee's right to bargain over and to secure as a benefit that which Federal authorities have deemed to be a mandatory subject of bargaining under Federal labor law and thus would be prohibited. The IBEW's conclusion also relies on National Labor Relations Board v. Central Illinois Public Service Commission, supra.

After extensive research, the Commission has determined that there exists no citation of legal authority which would prohibit the Commission from unilaterally

eliminating Applicant's employee discounts on a prospective basis. All the cases cited by Applicant and IBEW Local Union representatives refer to an employer's duty to bargain collectively in good faith with respect to wages, hours and other terms and conditions of employment. The Commission recognizes that the employee discounts under consideration herein may be an emolument of value which may fall within Section (d) of the National Labor Relations Act. No authority has been cited to this Commission, however, which concludes that the NLRA was intended to restrict this Commission in its duty under NRS 704.120(1) to fix and order substituted rates, for rates that this Commission find after due investigation, to be either unjust, unreasonable, unjustly discriminatory or preferential; or to restrict the Commission's duty under NRS 704.210(2) to prescribe classifications of the service of all public utilities and to fix and regulate the rates therefor. It is instructive to note that the leading case upon which Applicant and the IBEW Union representatives rely, i.e. National Labor Relations Board v. Central Illinois Public Service Company, supra, was based on the unilateral discontinuance of an employee discount for natural gas by the employer, Central Illinois Public Service Company. There was no finding made in the case regarding the power of the Illinois Commerce Commission to restrict or eliminate the employee discount under consideration. In holding against the employer, Central Illinois Public Service Company, that it violated its statutory obligation in its unilateral action of discontinuing the discount before it met and conferred with the Union, the Court suggested that the employer had a recourse to the proper Illinois agency (National Labor Relations Board v. Central Illinois Public Service Company, supra, at p. 919). The Central Illinois case was on appeal to Federal District Court from a decision of the National Labor Relations Board (N.L.R.B.). The N.L.R.B. decision is cited as Central Illinois Public Service Company and Local Union No. 702, International Brotherhood of Electrical Workers, AFL-CIO, 139 N.L.R.B. 1407 (1962). In that

case the trial examiner in his intermediate report stated regarding the regulatory authority of the Illinois Commerce Commission, "It may be granted that a state's regulatory authority should be left free to approve or disapprove employee rate discounts, or changes therein where such discounts form a part of a public utility's overall consumer rate structure. But that is not the question here." (emphasis added). Central Illinois Public Service Company and Local Union 702, International Brotherhood of Electrical Workers, AFL-CIO, supra, at 1415. The trial examiner went on to state in footnote No. 7 on page 1416 of the Opinion that "Respondent (Central Illinois) makes no claim that it was directed by the state regulatory authority to discontinue the employee rate discount for that reason (it would be illegal under Illinois law) or any other reason, or that it acted other than on its own volition." It is evident from the comments of the trial examiner in the initial proceeding before the N.L.R.B. that no determination was made in the case regarding the authority of the Illinois Commerce Commission to discontinue the discount given by Central Illinois Public Service Company to its employees for natural gas service. Furthermore, the comments of the trial examiner suggest that the decision of the N.L.R.B. as upheld by the Federal District Court may have been different if the discount had been eliminated by an order of the Illinois Commerce Commission rather than by the unilateral action of the Central Illinois Public Service Company.

From the above analysis the Commission has concluded that the National Labor Relations Act and the case citations of Applicant and IBEW Local Union 1245 do not restrict the Commission from exercising its powers under NRS 704.120 and NRS 704.210 to set just and reasonable rates. As a practical matter, however, the Commission has determined that it may be more equitable for all parties concerned to phase out Applicant's employee discount rather than terminate the discount immediately. To accomplish such a transition the Commission will permit discounts for a limited time to Applicant's fulltime and retired employees on the following basis:

1. Electric

Applicant's full-time and retired employees who purchase electrical energy from the company should receive a 50% discount on all electric energy consumption up to a maximum of 650 kilowatt hours per month.

2. Natural Gas

Applicant's full-time and retired employees who purchase natural gas from the company should receive 25% discount on all natural gas consumption up to a maximum of 76 therms per month.

3. Water

Applicant's full-time and retired employees who purchase water from the company should receive a 50% discount based on the charge for a 3/4 inch service connection.

The above discounts should be applicable to all Sierra Pacific's present full-time and retired employees for the period commencing from the effective date of Applicant's revised tariffs which are filed pursuant to the Order contained herein and should terminate on May 1, 1977. After May 1, 1977 utility service discounts for all its full-time and retired employees should be eliminated.

Cost of Service and Rate Restructuring

Dr. Hershel Jones, witness on behalf of LPS customers testified in this proceeding that he made a fully allocated average cost of service study. Dr. Jones suggested that this Commission in Docket No. 183 gave little consideration to the cost of service study presented by him in that case because that study was based on a number of estimated factors and an improper allocation method. This position is reiterated in the brief of LPS intervenors on page 2 wherein it states "The Commission rejected this cost of service study (in Docket 183) primarily because load factors of residential and other non-metered classes were estimated and because the allocation method used in the cost of study differed from that utilized

by the company in making its jurisdictional allocations." Thus, the LPS intervenors contend that this Commission did not utilize their cost of service studies as presented in Docket No. 183 to design rates due to the estimates and improper allocations contained in that study. A reading of the Opinion and Order in Docket No. 183 fully refutes the contention of the LPS intervenors regarding the role of the cost of service study in designing rates in that proceeding. Quoting from page 8 of that Opinion the Commission stated "The Commission is of the opinion that the theory of cost of service should be given consideration in the formulation of rates; however, the guidelines offered by a cost of service study in the setting of rates must be tempered with other factors such as value of service, price elasticity, conservation considerations and historical rate design. Thus, although the Commission considers data on the cost of service to be necessary and valuable in setting rates, it does not consider it to be the only factor in the rate-making process." The Commission went on to state "Given the fact that a reliable cost of service study could be made and presented to this Commission we are of the opinion that such a study should not be the sole basis for setting rates. Even Dr. Jones conceded on the record that the value of service should be a recognized component in setting rates . . . the Commission recognized various other criteria as well which must be considered in the authorization of fair and reasonable rates for electric service. Furthermore, the Commission has a duty in the face of rapidly dwindling fossil fuel supplies to consider the conservation effect of various rate structures. Consequently, the Commission is of the opinion that no compelling evidence has been presented which persuades us to deviate from generally spreading Applicant's increased revenue requirements to each kilowatt hour sold."

The Commission has determined that the cost of service study presented by Dr. Jones in this proceeding was reliable and contained accurate data regarding

the relative cost of service between customer classes for actually recorded results of operations for the twelve months ended August 31, 1975. On page 5M of Exhibit No. 28 Dr. Jones determined that the overall rate of return for the total company as recorded for the twelve months ended August 31, 1975 was 6.91%. This compares with his calculated return for the LPS customers of 6.78% and a return for all other classes of customers of 6.93%. Based on this data it is evident that the LPS customers contributed a lower rate of return to Applicant than the other classes of customers based on recorded results of the twelve months ended August 31, 1976 as allocated by Dr. Jones. Thus, the evidence in this case indicates that the disparities in the rates of return between customer classes for actual recorded results of the twelve months ended August 31, 1975 do not indicate any discrimination against the LPS class. The rates of return as calculated for actual company results for the twelve months ended August 31, 1975 were produced from the rates authorized by the Commission in Docket No. 183. Those rates were spread to customer classes on a uniform per kilowatt hour basis. Dr. Jones was questioned at hearing in this proceeding regarding the propriety of spreading the Docket 183 rates on a uniform basis and the effect of that rate spread on the relative rates of return between customer classes. Dr. Jones stated that one could conclude that rates applied on a uniform basis would not produce serious discrepancies or changes in relative rates of return between customer classes. (Tr. 4/16/76, 160:12-21). He did state that it might be necessary to have the rates in effect for a twelve month period to accurately draw such a conclusion. The rates authorized in Docket 183 had been in effect approximately seven months when Dr. Jones made his calculations regarding rates of return for each customer class for the 12 months ended August 31, 1975. Based on the testimony and evidence presented by Dr. Jones this Commission is of the opinion that there is no compelling evidence in this record to deviate from the past historical practice of this Commission of distributing rate increases to each customer class on a

uniform per kilowatt hour basis. In regards to allocation of costs between customer classes, the Supreme Court has stated: "That allocation of cost is not a matter for slide rule and involves judgment on a myriad of facts and has no claim to an exact science." Colorado Interstate Gas Company v. Federal Power Commission, 234 US 581. Thus, this Commission has never attempted to set rates between classes based on precise cost of service allocations.

It is the opinion of this Commission that the nationally stated goal of energy conservation must be of primary importance in designing rates in the Nevada jurisdiction. As pointed out in the amicus curiae brief of the Washoe County Legal Aid Society, this goal has been addressed by many state public utility regulatory commissions. Thus energy conservation is playing a major role in the formulation of rate designs throughout the country. This is indicated by the California Public Utilities Commission as quoted in the brief of the Washoe County Legal Aid Society wherein it states: "We have not chosen to place such heavy stress on conservation merely because of the legislative mandate but because we are convinced that a vastly accelerated conservation effort is vital to California's economic and environmental future . . . conservation, along with continued assurance of necessary supply must have the highest priority in the actions of this Commission and utilities we regulate." (Amicus Curiae Brief, Washoe County Legal Aid Society, at page 2.) This Commission is in full accord with the statements of the California PUC regarding the importance of energy conservation. The Commission is of the opinion that such conservation goals can only be implemented by integrating economic conservation incentives into utility rate design. If such rate design results in disparities in the rates of return as between customer classes the Commission is of the opinion that such disparities are justified based on a compelling need to promote energy conservation.

Although this Commission is firmly committed to a policy of implementing rate designs which encourage conservation of energy and natural resources, it is the opinion of the Commission that insufficient data was presented in this proceeding to permit the establishment of a radical rate restructuring such as the time of day pricing scheme suggested by Dr. Cicchetti or lifeline rates as being studied by Applicant. Applicant's witness, Mr. Croner, testified on rebuttal that the company is presently installing tape recording meters for all of its industrial customers in order to collect detailed data from these customers regarding time of day energy use patterns. This Commission, through its own initiative, in an Order issued January 5, 1976, directed Applicant to conduct a complete study of the feasibility of implementing a lifeline rate for its electric customers. Furthermore, it was stated by the Commission at hearing that it is presently investigating Federal Energy Administration funding to conduct rate design studies in Nevada. The Commission must agree with the conclusion reached in the brief of the Washoe County Legal Aid Society that a penetrating analysis of rate design is difficult if not impossible to achieve during a general rate case proceeding. Accordingly, the Commission is of the opinion that an indepth investigation of rate design for public utilities under the jurisdiction of this Commission should be a matter of separate consideration at such time when adequate data is available.

In regard to the rate design to be implemented herein, the Commission, as previously stated in the Opinions in Docket No. 549 and Docket No. I & S 855, adhered to a policy of restructuring rates so as to move toward the establishment of a flat or single block of rates for all energy consumption within each customer class. Consistent with this gradual rate restructuring policy the Commission has made the following changes in Applicant's gas and electric rate schedules:

1. Gas Department

Customer Charge	\$1.15
First 41 therms	\$.26780
Over 41 therms	\$.22467

2. Electric Department

a. Schedule D-1

(Combined Residential Rate
Schedules D-1(a), D-1(b),
and H)

Customer charge	\$1.15
Energy Charge	
First 200 KWH	\$.046848 per kwh
Over 200 KWH	\$.038311 per kwh
Electric Space Heating	
Surcharge	\$.60 per kilowatt of installed space heating capacity

b. Schedule GS-1

Customer charge	\$1.25
Energy charge	
First 3,563 KWH	\$.045596 per kwh
Over 3,563 KWH	\$.044285 per kwh
Electric Space Heating	
Surcharge	\$.60 per kilowatt of installed space heating capacity

c. Schedule H (Commercial)

Energy charge	
First 300 KWH	\$.039205 per kwh
Over 300 KWH	\$.034605 per kwh

d. Schedule OGS	
Customer charge	No change from present rate
Energy charge	
All kilowatt hours	\$.028825 per kwh
e. Schedule LPS	
Demand charge	No change from present rate
Energy charge	
First 150 KWH per KW	\$.0315757 per kwh
Next 300 KWH per KW	\$.030475 per kwh
All excess KWH per KW	\$.028275 per kwh
f. Schedule IS-1	
Customer charge	\$1.60
Energy Charge	
First 45,813 KWH	\$.034285 per kwh
Over 45,813 KWH	\$.032116 per kwh

The Commission has combined Residential Rate Schedules D-1(a), D-1(b) and the domestic customers served under Schedule H in an effort to eliminate the promotional effect of the D-1(b) and H Schedules. Applicant submitted for the record Exhibit No. 72 which set forth the revenue calculations for combining Applicant's residential rate schedules. The Commission is of the opinion that Applicant's commercial hot water heating customers on Schedule H should similarly be combined with the General Service Schedule GS-1. The Commission was unable to make this combination, however, due to insufficient data on the record regarding the revenue effect of such combination. Accordingly, the Commission would direct Applicant to submit such a proposed combination of Schedules GS-1 and H (Commercial) in its next general rate filing. The Commission has attempted to reduce the number of rate blocks contained within each customer class in the electric

department and the number of rate blocks in the single gas department rate tariff. This restructuring is consistent with the Commission's previously discussed policy of establishing a flat or single block rate for all energy consumption within each customer class.

The Commission did not reduce the number of blocks contained in Applicant's LPS schedule as it did in its other electric department tariffs due to the fact that the spread between the first and last block in this schedule is not significant. It was therefore determined that such combining of blocks was unnecessary at this time. The Commission would direct Applicant, however, in its next general rate filing to propose a rate for its LPS customers based on one single block, thus eliminating the existing rate blocks in that schedule.

The Commission is of the opinion that the customer charges as included in the electric and gas rate schedules set forth above are necessary to rectify certain discrepancies in Applicant's billing frequency analysis as set forth in Exhibit No. 12. These frequency analyses contain revenues and kilowatt hours or therms consumed which do not correlate with analogous figures in the adjustment factor calculations. Furthermore, the Commission has determined that a customer charge will allow Applicant to recover a portion of its fixed charges for meter reading and customer billing independent of the quantity of electricity or gas consumed. Accordingly, the Commission is of the opinion that the customer charges prescribed herein for Applicant's gas and electric rate schedules should be charged on a non-prorated basis for each customer bill. Such billing procedure will require Applicant to account for all customer billings regardless of the length of the period of the billing thus ensuring a correlation of revenues and kilowatt hours or therms consumed.

Water Department

The Commission has determined that based on the revenue requirement of \$463,000 for Applicant's water department that said requirement should be spread uniformly to each of Applicant's water department tariffs. Such uniform spread would result in a uniform increase of 7.5518% to each of Applicant's water department rate schedules.

FINDINGS AND CONCLUSIONS

WHEREFORE, the Commission finds and concludes as follows:

1. That the applications on file herein come within the purview of the statutes of the State of Nevada and within the regulatory jurisdiction of this Commission;
2. That Applicant's capital structure as adjusted by this Commission as set forth on pages 1 and 2 of Schedule No. 2 is the proper capital structure for determining a just and reasonable rate of return on Applicant's rate base;
3. That the 14.00% return on common equity authorized by the Commission herein calculates to a 9.36% overall rate of return for Applicant; and that said overall rate of return is a just and reasonable return on Applicant's rate base;
4. That the rate base investment authorized herein for Applicant's Nevada jurisdictional electric, gas and water departments is \$169,603,000 for Applicant's electric department, \$20,811,000 for Applicant's gas department, and \$30,916,000 for Applicant's water department as set forth on pages 1, 2 and 3 of Schedule No. 3, respectively;
5. That the revenue and expense adjustments as set forth on pages 1 through 10 of Schedule No. 4 for Applicant's electric, gas and water departments result in an increased revenue requirement for Applicant for its electric department in the amount of \$2,935,000, for its gas department of \$351,000, and for its water department of \$438,000 as set forth on pages 1, 2 and 3 of Schedule No. 4, respectively;
6. That Applicant should be allowed to generate the increased revenue requirements for its electric, gas and water departments as authorized herein by increasing its rates and charges

for its tariff schedules as set forth hereinabove;

7. That Applicant's Residential Rate Schedules D-1(a), D-1(b) and H should be cancelled and combined into a new rate schedule D-1 which is hereby authorized;
8. That estimated and subsequently experienced adjustments which may be certified up to six months beyond the test period pursuant to NRS 704.110(3) should comply with the guidelines set forth on page 1 of Schedule No. 1;
9. That Applicant's employee discounts for electric, gas and water service are unreasonable and preferential under the terms of NRS 704.120(1);
10. That Applicant's employee discounts for electric, gas and water service should be phased out and eliminated by May 1, 1977 pursuant to the plan for phasing out such discounts as more fully set forth hereinabove;
11. That the rates of return earned by Applicant from its various classes of customers are not unreasonably discriminatory;
12. That a primary consideration in determining a proper rate design in this proceeding should be the conservation of energy and natural resources;
13. That insufficient data was presented in this proceeding to justify the Commission to implement such radical rate restructurings as time of day pricing or lifeline rates;
14. That an indepth investigation of rate design for the public utilities under the jurisdiction of this Commission should be a matter of separate consideration at such time when data is available to properly evaluate the alternative rate designs possible.

An appropriate Order will be entered.

SIERRA PACIFIC POWER COMPANY
Estimated and Subsequently Experienced Adjustments which
may be Certified Up to Six Months Beyond the Test Period
Pursuant to NRS 704.110(3)*

- (1) CAPITAL STRUCTURE The costs of new securities as defined in NRS 704.322 and the associated interest expense as an adjustment to Federal Income Tax calculation.

- (2) RATE BASE Adjustments reflecting increased investments in facilities and the deduction of the identical amount of increase from CWIP as a factor in allocating interest cost between departments and non-utility operations.

- (3) EXPENSES
 - (a) FUEL COSTS Adjustment for changed unit cost factors to fuel plus resulting sales tax and unit cost charges for freight applied to the test period units.

 - (b) LABOR COSTS Adjustment for per unit rate change and associated labor costs, pensions, benefits and taxes when such taxes are a direct result of per unit rate change of labor costs.

 - (c) RESEARCH & DEVELOPMENT COSTS When due to a unit rate change.

 - (d) PROPERTY TAXES When due to a unit rate change.

 - (e) DEPRECIATION When due to a unit rate change which has previously been approved in writing by the Commission.

 - (f) INSURANCE When based on a unit rate change or, if directly associated with revenue or labor cost increases as per above.

 - (g) POSTAGE When due to a unit rate change.

*Each adjustment should also include an appropriate Federal Income Tax calculation.

SIERRA PACIFIC POWER COMPANY
 Calculation of Capital Structure & Weighted Cost of Money
 Test Year Ending August 31, 1975

	Per Exhibit 15, Page 1	Exhibit 27 Page 31 Page 33		Exhibit 34		Exhibit 47		Commission Adjusted
Long Term Debt	\$128,782	\$128,782	\$128,782	\$128,935	\$128,935	\$130,052	\$130,052	\$128,782
Short Term Debt	24,530	24,530	24,530	24,350	24,350	18,575	18,575	24,530
Customer Deposits	852	852	852	852	852	754	754	852
Preferred Equity	39,025	39,025	39,025	39,025	39,025	39,025	39,025	39,025
Common Equity	79,432	79,432	79,432	79,435	79,435	75,785	75,785	76,039
Total Capital	<u>\$272,621</u>	<u>\$272,621</u>	<u>\$272,621</u>	<u>\$272,597</u>	<u>\$272,597</u>	<u>\$264,191</u>	<u>\$264,191</u>	<u>\$269,223</u>
Capital Ratios								
Long Term Debt	47.24%	47.24%	47.24%	47.3%	47.3%	49.23%	49.23%	47.83%
Short Term Debt	9.00	9.00	9.00	8.9	8.9	7.03	7.03	9.11
Customer Deposits	.31	.31	.31	.3	.3	.28	.28	.32
Total Debt	<u>56.55</u>	<u>56.55</u>	<u>56.55</u>	<u>56.5</u>	<u>56.5</u>	<u>56.54</u>	<u>56.54</u>	<u>57.26</u>
Preferred Equity	14.31	14.31	14.31	14.3	14.3	14.77	14.77	14.50
Common Equity	29.14	29.14	29.14	29.2	29.2	28.69	28.69	28.24
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Cost of Money								
Long Term Debt	7.30%	7.30%	7.30%	7.30%	7.30%	7.26%	7.26%	7.30%
Short Term Debt	7.27	7.27	7.27	7.26	7.26	7.43	7.43	7.27
Customer Deposits	8.87	8.87	8.87	8.87	8.87	11.79	11.79	11.79
Preferred Equity	8.40	8.40	8.40	8.40	8.40	8.40	8.40	8.40
Common Equity	17.16	13.00	14.00	12.00	13.00	13.75	17.16	14.00
Weighted Cost of Money								
Long Term Debt	3.45%	3.45%	3.45%	3.45%	3.45%	3.57%	3.57%	3.49%
Short Term Debt	.65	.65	.65	.65	.65	.52	.52	.66
Customer Deposits	.03	.03	.03	.03	.03	.03	.03	.04
Total Debt	<u>4.13</u>	<u>4.13</u>	<u>4.13</u>	<u>4.13</u>	<u>4.13</u>	<u>4.12</u>	<u>4.12</u>	<u>4.19</u>
Preferred Equity	1.20	1.20	1.20	1.20	1.20	1.24	1.24	1.22
Common Equity	5.00	3.79	4.08	3.50	3.80	3.94	4.92	3.95
Total	<u>10.33%</u>	<u>9.12%</u>	<u>9.41%</u>	<u>8.83%</u>	<u>9.13%</u>	<u>9.30%</u>	<u>10.23%</u>	<u>9.36%</u>

SIERRA PACIFIC POWER COMPANY
 Calculation of Commission Adjusted Capital Structure
 Test Year Ending August 31, 1975

	Actual at <u>8/31/75</u> (000)		Commission Adjustments \$(000)	Commission Adjusted (000)
Long Term Debt				
First Mortgage Bonds	\$122,975			\$122,975
Debentures	6,887		(1,250)	5,637
Other Long Term Debt	190		(20)	170
	<u>130,052</u>			<u>128,782</u>
Short Term Debt	18,575		5,955	24,532
Customer Deposits	754		98	852
	<u>149,381</u>			<u>154,164</u>
Preferred Equity	39,025			39,025
Common Equity	77,914		(1,875)	76,039
	<u>\$266,320</u>		<u>\$ 2,908</u>	<u>\$269,228</u>
<u>Adjustments</u>		<u>Company</u>	<u>Staff</u>	<u>Commission</u>
		\$(000)		
Maturity of 3/8 Debentures 10/1/75		(1,250)	\$-0-	\$(1,250,000)
Serially Maturing from 9/1 to 12/31/75		(20)	-0-	(20,000)
Net Change in Short Term Financing due to Construction 9/1 to 12/31/75		5,955	-0-	5,955,000
Customer Deposits		98	-0-	98,000
				<u>4,783,000</u>
Common Equity				
Employee Stock Purchase Plan		72	-0-	72,000
Dividend Reinvestment Plan		217	-0-	217,000
Net Income 9/1/75 - 12/31/75		3,444	-0-	-0-
Third Quarter Dividends		(2,139)	-0-	-0-
Debits to Retained Earnings Stock Sale Expense		(76)	-0-	76,000
Net Non-Utility Property			(1,356,000)	(1,356,000)
Investment in Associated Companies			(712,000)	(712,000)
Other Investments			(20,000)	(20,000)
Stock Financing Expense			(41,380)	-0-
		<u>\$6,301</u>	<u>\$ (2,129,380)</u>	<u>\$2,908,000</u>

SIERRA PACIFIC POWER COMPANY
 Rate Base Calculations for:

	Nevada Jurisdictional Electric			
	Exhibit 16 Page 4	Exhibit 46 Page 4	Staff Adjustments	Commission Adjusted
<u>Adjustments</u>				
Elimination of Certain Capitalized Overheads (33)	\$ (532,000)		\$ (532,000)	\$ (532,000)
Elimination of Gas Plant Held for Future Use (34)				
Gross Plant Investment				
Accumulated Provision for Depr. (34)				
Additions to Plant in Service 9/1/75 thru 12/31/75 (35)	16,242,000	66,000	16,308,000	16,308,000
Unamortized Investment Tax Credit for Prior Years (36)	(1,165,000)	(198,000)	(1,363,000)	(1,363,000)
Increased Deferred Income Taxes (37)	(507,000)	507,000	-0-	-0-
Increased Back Depr. Accruals Applicable to Plant in Service Additions (38)	(732,000)	732,000	-0-	-0-
Vacation Payroll Accruals (26)	-0-	(6,000)	(6,000)	(6,000)
Payroll Classifications - Executive (27)	-0-	22,000	22,000	22,000
Payroll Classifications - Tracy #3 (28)	-0-	79,000	79,000	-0-
Telephone Expenses (29)	-0-	37,000	37,000	-0-
Depreciation - Change in Rates (31)	-0-	(192,000)	(192,000)	-0-
Overhead Capitalization (32)	-0-	56,000	56,000	56,000
Installation Costs of Meters & Transf. (33)	-0-	61,000	61,000	61,000
Deferred Income Taxes-Liberalized Depr. (36)	-0-	(330,000)	(330,000)	(330,000)
Def. Inc. Taxes-Rate Case Gen. Studies (37)	-0-	(205,000)	(205,000)	(205,000)
Total Adjustments	\$13,306,000	\$ 629,000	\$13,935,000	\$14,011,000
Plant in Service				
Depreciable Property	\$189,624,000	-0-	\$189,624,000	\$189,624,000
Non-Depreciable Property	1,590,000	-0-	1,590,000	1,590,000
Total Plant	\$191,214,000	-0-	\$191,214,000	\$191,214,000
Depreciation & Amortization	(33,396,000)	-0-	(33,396,000)	(33,396,000)
Net Plant in Service	157,818,000	-0-	157,818,000	157,818,000
Plant held for Future Use				
Acc. Def. Transmission Line Fixed Costs	1,171,000	-0-	1,171,000	-0-
Customer Advances	(3,820,000)	-0-	(3,820,000)	(3,820,000)
Accumulated Deferred Income Taxes	(3,469,000)	-0-	(3,469,000)	(3,469,000)
Adjusted Net Plant in Service	151,700,000	-0-	151,700,000	150,529,000
Working Capital	6,909,000	-0-	6,909,000	5,063,000
Total Rate Base (Including Adjustments)	\$171,915,000	-0-	\$172,544,000	\$169,603,000

SIERRA PACIFIC POWER COMPANY
 Rate Base Calculations for:

	<u>Exhibit 14 and 16</u>	<u>Gas Department Exhibit 45 Page 2</u>	<u>Staff Adjusted</u>	<u>Commissio Adjusted</u>
<u>Adjustments</u>				
Elimination of Certain Capitalized Overheads (33)				
Elimination of Gas Plant Held for Future Use (34)				
Gross Plant Investment	\$(1,070,000)	-0-	\$(1,070,000)	\$(1,070,000)
Accumulated Provision for Depr. (34) Additions to Plant in Service 9/1/75 thru 12/31/75 (35)	465,000	-0-	465,000	465,000
(38) Unamortized Investment Tax Credit for Prior Years (36)	884,000	\$ 23,000	907,000	907,000
(35) Increased Deferred Income Taxes (37)	(218,000)	(34,000)	(252,000)	(252,000)
Increased Back Depr. Accruals Applicable (30) to Plant in Service Additions (38)	(24,000)	24,000	-0-	-0-
(26) Vacation Payroll Accruals	(49,000)	49,000	-0-	-0-
(27) Payroll Classifications - Executive	-0-	(1,000)	(1,000)	(1,000)
(28) Payroll Classifications - Tracy #3	-0-	3,000	3,000	3,000
(29) Telephone Expenses	-0-	-0-	-0-	-0-
(31) Depreciation - Change in Rates	-0-	11,000	11,000	-0-
(32) Overhead Capitalization	-0-	(29,000)	(29,000)	-0-
(33) Installation Costs of Meters & Transf.	-0-	6,000	6,000	6,000
(36) Deferred Income Taxes-Liberalized Depr.	-0-	5,000	5,000	5,000
(37) Def. Inc. Taxes-Rate Case Gen. Studies	-0-	(39,000)	(39,000)	(39,000)
	-0-	(7,000)	(7,000)	(7,000)
Total Adjustments	<u>(12,000)</u>	<u>11,000</u>	<u>(1,000)</u>	<u>17,000</u>
Plant in Service				
Depreciable Property	\$25,776,000	-0-	\$25,776,000	\$25,776,000
Non-Depreciable Property	67,000	-0-	67,000	67,000
Total Plant	<u>\$25,843,000</u>	-0-	<u>\$25,843,000</u>	<u>\$25,843,000</u>
Depreciation & Amortization	<u>(5,454,000)</u>	-0-	<u>(5,454,000)</u>	<u>(5,454,000)</u>
Net Plant in Service	20,389,000	-0-	20,389,000	20,389,000
Plant held for Future Use	1,070,000	-0-	1,070,000	1,070,000
Acc. Def. Transmission Line Fixed Costs				
Customer Advances	(567,000)	-0-	(567,000)	(567,000)
Accumulated Deferred Income Taxes	<u>(417,000)</u>	-0-	<u>(417,000)</u>	<u>(417,000)</u>
Adjusted Net Plant in Service	20,475,000	-0-	20,475,000	20,475,000
Working Capital	<u>324,000</u>		<u>324,000</u>	<u>319,000</u>
Total Rate Base (Including Adjustments)	<u>\$20,787,000</u>	1089	<u>\$20,798,000</u>	<u>\$20,811,000</u>

SIERRA PACIFIC POWER COMPANY
 Rate Base Calculations for:

	Exhibit 14 and 16	Water Department Exhibit 45 Page 2	Staff Adjusted	Commission Adjusted
<u>Adjustments</u>				
Elimination of Certain Capitalized Overheads (33)				
Elimination of Gas Plant Held for Future Use (34)				
Gross Plant Investment Accumulated Provision for Depr. (34) Additions to Plant in Service 9/1/75 thru 12/31/75 (35)	\$ 1,418,000	\$ 17,000	\$ 1,435,000	\$ 1,435,000
(38) Unamortized Investment Tax Credit for Prior Years (36)	(290,000)	(2,000)	(292,000)	(292,000)
(35) Increased Deferred Income Taxes (37)	(24,000)	24,000	-0-	-0-
Increased Back Depr. Accruals Applicable (30) to Plant in Service Additions (38)	(32,000)	32,000	-0-	-0-
(26) Vacation Payroll Accruals	-0-	-0-	-0-	-0-
(27) Payroll Classifications - Executive	-0-	2,000	2,000	2,000
(28) Payroll Classifications - Tracy #3	-0-	-0-	-0-	-0-
(29) Telephone Expenses	-0-	17,000	17,000	-0-
(31) Depreciation - Change in Rates	-0-	(37,000)	(37,000)	-0-
(32) Overhead Capitalization	-0-	9,000	9,000	9,000
(33) Installation Costs of Meters & Transf.	-0-	-0-	-0-	-0-
(36) Deferred Income Taxes-Liberalized Depr.	-0-	(1,000)	(1,000)	(1,000)
(37) Def. Inc. Taxes-Rate Case Gen. Studies	-0-	(3,000)	(3,000)	(3,000)
Total Adjustments	\$ 1,072,000	\$ 58,000	\$ 1,130,000	\$ 1,150,000
Plant in Service				
Depreciable Property	\$34,265,000	-0-	\$34,265,000	\$34,265,000
Non-Depreciable Property	2,089,000	-0-	2,089,000	2,089,000
Total Plant	\$36,354,000	-0-	\$36,354,000	\$36,354,000
Depreciation & Amortization	<u>\$(4,386,000)</u>	-0-	<u>\$(4,386,000)</u>	<u>\$(4,386,000)</u>
Net Plant in Service	\$31,468,000	-0-	\$31,468,000	\$31,468,000
Plant held for Future Use	-0-	-0-	-0-	-0-
Acc. Def. Transmission Line Fixed Costs	-0-	-0-	-0-	-0-
Customer Advances	(1,581,000)	-0-	(1,581,000)	(1,581,000)
Accumulated Deferred Income Taxes	<u>(286,000)</u>	-0-	<u>(286,000)</u>	<u>(286,000)</u>
Adjusted Net Plant in Service	\$29,601,000	-0-	29,601,000	29,601,000
Working Capital	<u>138,000</u>	-0-	<u>188,000</u>	<u>165,000</u>
Total Rate Base (Including Adjustments)	\$30,861,000	-0-	\$30,919,000	\$30,916,000

SIERRA PACIFIC POWER COMPANY
 Summary Results of Operations Before & After Rate Adjustments
 Twelve Months Ended August 31, 1975
 (Thousand Dollars)

NEVADA JURISDICTIONAL ELECTRIC DEPARTMENT

	Exhibit 16 P.7, Col.3	Adjustments	Adjusted	Add'l Revenue Requirements	Commission Adjusted
Operating Revenues	\$ 53,925	\$ 17,535	\$71,460	\$2,935	\$ 74,395
Operating Expenses					
Operation & Maintenance	\$ 34,960	\$ 11,079	\$46,039	\$ 10	46,049
Depreciation & Amortization	4,759	(18)	4,741		4,741
Taxes Other than Income Taxes	2,269	36	2,305		2,305
Income Taxes Payable	(631)	2,713	2,082	1,404	3,486
Income Taxes Deferred	1,329	177	1,506		1,506
Income Taxes Deferred-Prior Yrs.	(159)	159	-0-		-0-
Charges Equivalent to Inc. Tax Cr.	526	-0-	526		526
Amortization of Inc. Tax Cr. (Cr.)	(93)	-0-	(93)		(93)
Operating Expenses	\$ 42,960	\$ 14,146	\$57,106	\$1,414	\$ 58,520
Operating Income	\$ 10,965	\$ 3,389	\$14,354	\$1,521	\$ 15,875
	=====	=====	=====	=====	=====
Rate Base	\$158,609				\$169,603
Rate of Return					9.36%

SIERRA PACIFIC POWER COMPANY
 Summary Results of Operations Before & After Rate Adjustments
 Twelve Months Ended August 31, 1975
 (Thousand Dollars)

	NEVADA JURISDICTIONAL GAS DEPARTMENT				
	<u>As Recorded & As Allocated</u>	<u>Adjustments</u>	<u>Adjusted</u>	<u>Add'l Revenue Requirements</u>	<u>Commissioner Adjusted</u>
Operating Revenues	<u>\$12,730</u>	<u>\$3,246</u>	<u>\$15,976</u>	<u>\$351</u>	<u>\$ 16,327</u>
Operating Expenses					
Operation & Maintenance	9,318	2,971	12,289	1	12,290
Depreciation & Amortization	819	-0-	819		819
Taxes Other than Income Tax	375	7	382		382
Income Taxes Payable	398	152	550	168	718
Income Taxes Deferred	130	14	144		144
Income Taxes Deferred-Prior Yrs.	(29)	29	-0-		-0-
Charges Equivalent to Inc. Tax Cr.	43	-0-	43		43
Amortization of Inc. Tax Cr. (Cr.)	(17)	-0-	(17)		(17)
Total Operating Expenses	<u>\$11,037</u>	<u>\$3,173</u>	<u>\$14,210</u>	<u>\$169</u>	<u>\$ 14,379</u>
Operating Income	<u>\$ 1,693</u> =====	<u>\$ 73</u> =====	<u>\$ 1,766</u> =====	<u>\$182</u> =====	<u>\$ 1,948</u> =====
Rate Base					\$20,811
Rate of Return					9.36%

SIERRA PACIFIC POWER COMPANY
 Summary Results of Operations Before & After Rate Adjustments
 Twelve Months Ended August 31, 1976
 (Thousands Dollars)

NEVADA JURISDICTIONAL WATER DEPARTMENT
As Recorded & As Allocated Adjustments Adjusted Add'l Revenue Requirements Commission Adjusted

Operating Revenues	<u>\$6,216</u>	<u>\$288</u>	<u>\$6,504</u>	<u>\$488</u>	<u>\$ 6,992</u>
Operating Expenses					
Operation & Maintenance	\$1,873	\$ 28	\$1,901	\$ 2	1,903
Depreciation & Amortization	575	-0-	575		575
Taxes Other than Income Tax	517	6	523		523
Income Taxes Payable	615	72	687	233	920
Income Taxes Deferred	81	17	98		98
Income Taxes Deferred-Prior Yrs.	(32)	32	-0-		-0-
Charges Equivalent to Inc. Tax Cr.	89	-0-	89		89
Amortization of Inc. Tax Cr. (Cr.)	(10)	-0-	(10)		(10)
Total Operating Expenses	<u>\$3,708</u>	<u>\$155</u>	<u>\$3,863</u>	<u>\$235</u>	<u>\$ 4,098</u>
Operating Income	<u>\$2,508</u>	<u>\$133</u>	<u>\$2,641</u>	<u>\$253</u>	<u>\$ 2,894</u>
	=====	===	=====	===	=====
Rate Base					\$30,916
Rate of Return					9.36%

SIERRA PACIFIC POWER COMPANY
 Adjustments
 (Thousands of Dollars)

	NEVADA JURISDICTIONAL ELECTRIC			
	Exhibit 16	Exhibit 46	Total Staff Exhibit 42	Commission
	Adjustments	Adjustments	H.L.4	Adjusted
Revenue				
Operating Revenues	\$17,535	\$17,535	\$17,535	\$17,535
Amortization of SW Gas Refund	64	64	64	-0-
Gain on Reacquired Securities			46	-0-
Information Service			257	-0-
Employee Discounts			154	-0-
Unbilled Revenues			538	-0-
Total Revenue Adjustments	\$17,599	\$17,599	\$18,594	\$17,535
Operation & Maintenance Expenses				
(10) Fuel Costs at Docket 492 (5)	\$ 9,382	\$(253)	\$ 9,129	\$ 9,129
Purchased Power Costs Docket 492 (6)	1,672		1,672	1,672
Purchased Gas - 53G Levels (7)				
(11) Increased Costs of Main. Exps. (8)	73	(73)	-0-	-0-
(12) Increased Payroll Costs (9)	373	(18)	355	355
(13) Increased Employee Benefits (10)	78	(70)	8	8
Increased Insurance Cost-T#3 (11)	18		18	-0-
Increased Research & Dev. Costs (12)	53		53	53
Increased Postage Costs (13)	27		27	27
Eliminate Wallie Warren Expense (14)	(13)		(13)	(13)
Eliminate Cafeteria Operating Losses (15)	(27)		(27)	(27)
Eliminate O.T. Devine Expense (16)	(3)		(3)	(3)
Amort. of Generation Studies Exp. (17)	6		6	-0-
Amortization of Rate Case Expense (18)	34		34	-0-
Regulatory Commission Expense (19)	61		61	61
(1) Vacation Pay Accrual		(8)	(8)	(8)
(2) Payroll Classification Executives		(20)	(20)	(20)
(3) Payroll Classification-Tracy 3		(79)	(79)	-0-
(4) Contingency Reserves-Property Ins.		(20)	(20)	(20)
(5) Contingency Reserves-Inj. & Dam.		5	5	5
(6) Telephone Expense		(56)	(56)	-0-
(7) Overhead Capitalization		(56)	(56)	(56)
(8) Install. Costs of Meters & Transf.		(61)	(61)	(61)
(9) Capital Stock Expenses		(23)	(23)	(23)
Total Operating Main. Exp. Adj.	\$11,734	\$(732)	\$11,002	\$11,079
Book Depreciation				
Depr. on Capitalized OH Elim. for RB (20)	\$(18)		\$(18)	\$(18)
(15) Depr. on Plant after 8/31/75 (21)	730	\$(730)	-0-	-0-
(14) Depr. Change in Rates		192	192	-0-
Total Book Depreciation	\$ 712	\$(538)	\$ 174	\$(18)

SIERRA PACIFIC POWER COMPANY
 Adjustments
 (Thousands of Dollars)

NEVADA JURISDICTIONAL ELECTRIC
 Exhibit 16 Exhibit 46 Total Staff Exhibit 42 Commissio
 Adjustments Adjustments H.L.4 Adjusted

Taxes Other than Income Taxes

(16) Increased Nevada Property Taxes (22)	\$ 193	\$ (131)	\$ 62	\$ -0-
(17) Increased Payroll Taxes (23)	42	53	95	30
Total Taxes Other than Income Taxes	\$ 235	\$ (78)	\$ 157	\$ 30
	=====	=====	=====	=====

Deferred Income Taxes

(20) Liberalized Depreciation		177	177	177
(18) Liberalized Depr. Plant Addit. (24)	507	(507)	-0-	-0-
(19) Rate Case Expenses (25)	(115)	115	-0-	-0-
Total Deferred Income Taxes	\$ 392	\$ (215)	\$ 177	\$ 177
	=====	=====	=====	=====

Income Taxes Deferred Prior Years Credit

Elimination of Credit Prior Year (26)	\$ 160		\$ 160	\$ 159
Amortization of ITC Prior Year Adj. (27)	11		11	-0-

Income Tax Calculation

Operating Revenue	\$(17,599)	\$ -0-	\$(17,599)	\$(17,530)
Operation & Maintenance Expenses	11,734	(732)	11,002	11,070
Taxes other than Income Taxes	235	(78)	157	30
Adjustments for Tax Purposes:				
Amortization of Rate Case Expense	(34)		(34)	-0-
Amort. of Generation Studies Exp.	(6)		(6)	-0-
(21) Employee Benefit Cost Capitalized (28)	56	(42)	14	14
(22) Payroll Taxes Capitalized (29)	18	23	41	41
(23) Tax Depreciation-Plant Additions (30)	677	(677)	-0-	-0-
(24) Increase in Debt Expense (31)	631	(796)	(165)	730
(Increase)Decrease in Taxable Income	\$ (4,288)	\$ (2,302)	\$ (6,590)	\$ (5,650)
Income Taxes at 48% (32)	\$ 2,058	\$ 1,105	\$ 3,163	\$ 2,710

SIERRA PACIFIC POWER COMPANY
 Adjustments
 (Thousands of Dollars)

GAS DEPARTMENT

	Exhibit 16	Exhibit 45 Adjustments	Total Staff Adjustments	Exhibit 42 H.L.4	Commission Adjustments
Revenue					
Operating Revenues	\$3,246		\$3,246	\$3,246	\$3,246
Amortization of SM Gas Refund				6	-0-
Gain on Reacquired Securities				22	-0-
Information Service				72	-0-
Employee Discounts				113	-0-
Unbilled Revenues					
Total Revenue Adjustments	<u>\$3,246</u> =====		<u>\$3,246</u> =====	<u>\$3,459</u> =====	<u>\$3,246</u> =====
Operation & Maintenance Expenses					
(10) Fuel Costs at Docket 492 (5)					
Purchased Power Costs Docket 492 (6)					
Purchased Gas - 53G Levels (7)	\$2,967		\$2,967		\$2,967
(11) Increased Costs of Main. Exps. (8)					
(9) Increased Payroll Costs	70	\$(3)	67		67
(10) Increased Employee Benefits	17	(4)	13		13
Increased Insurance Cost-T#3 (11)					
Increased Research & Dev. Costs (12)					
Increased Postage Costs (13)	6		6		6
Eliminate Wallie Warren Expense (14)	(3)		(3)		(3)
Eliminate Cafeteria Operating Losses (15)	(4)		(4)		(4)
Eliminate Overtime Income Expense (16)	(1)		(1)		(1)
Amort. of Generation Studies Exp. (17)					
Amortization of Rate Case Expense (18)	2		2		-0-
Regulatory Commission Expense (19)	11		11		11
(1) Vacation Pay Accrual		(2)	(2)		(2)
(2) Payroll Classification Executives		(4)	(4)		(4)
(3) Payroll Classification-Tracy 3					
(4) Contingency Reserves-Property Ins.					
(5) Contingency Reserves-Inj. & Dam.		(63)	(63)		(63)
(6) Telephone Expense		(1)	(1)		-0-
(7) Overhead Capitalization		(6)	(6)		(6)
(8) Install. Costs of Meters & Transf.		(5)	(5)		(5)
(9) Capital Stock Expenses		(5)	(5)		(5)
Total Operating Main. Exp. Adj.	<u>\$3,065</u> =====	<u>\$(93)</u> =====	<u>\$2,972</u> =====		<u>\$2,971</u> =====
Book Depreciation					
Depr. on Capitalized OH Elim. for RB (20)					
(15) Depr. on Plant after 8/31/75 (21)	\$ 49	\$(49)	\$-0-		\$-0-
(1) Depr. Change in Rates		29	29		-0-
Total Book Depreciation	<u>\$ 49</u> =====	<u>\$ 20</u> =====	<u>\$ 29</u> =====		<u>-0-</u> =====

SIERRA PACIFIC POWER COMPANY
 Adjustments
 (Thousands of Dollars)

GAS DEPARTMENT

	Exhibit 16	Exhibit 45 Adjustments	Total Staff Adjustments	Exhibit 42 H.L.4	Commissi Adjuste
<u>Taxes Other than Income Taxes</u>					
(16) Increased Nevada Property Taxes (22)	\$ (19)	\$ 8	\$ (11)		\$ -0-
(17) Increased Payroll Taxes (23)	8	10	18		7
Total Taxes Other than Income Taxes	\$ (11)	\$ 18	\$ 7		\$ 7
	=====	=====	=====		=====
<u>Deferred Income Taxes</u>					
(20) Liberalized Depreciation	\$	\$ 14	\$ 14		\$ 14
(18) Liberalized Depr. Plant Addit. (24)	24	(24)	-0-		-0-
(19) Rate Case Expenses (25)	(13)	13	-0-		-0-
Total Deferred Income Taxes	\$ 11	\$ 3	\$ 14		\$ 14
	=====	=====	=====		=====
<u>Income Taxes Deferred Prior Years Credit</u>					
Elimination of Credit Prior Year (26)	\$ 29		\$ 29		\$ 29
Amortization of ITC Prior Year Adj. (27)	\$ 1		\$ 1		\$ -0-
	=====		=====		=====
<u>Income Tax Calculation</u>					
Operating Revenue	\$ (3,246)		\$ (3,246)		\$ (3,246)
Operation & Maintenance Expenses	3,065	\$ (93)	2,972		2,971
Taxes other than Income Taxes	(11)	18	7		7
Adjustments for Tax Purposes:					
Amortization of Rate Case Expense	(2)		(2)		-0-
Amort. of Generation Studies Exp.					
(21) Employee Benefit Cost Capitalized(28)	5	(1)	4		4
(22) Payroll Taxes Capitalized (29)	3	3	6		3
(23) Tax Depreciation-Plant Additions (30)	42	(42)	-0-		-0-
(24) Increase in Debt Expense (31)	(91)	(34)	(125)		(56)
(Increase)Decrease in Taxable Income	\$ (235)	\$ (149)	\$ (384)		\$ (317)
Income Taxes at 48% (32)	\$ 113	\$ 72	\$ 184		\$ 152

SIERRA PACIFIC POWER COMPANY
 Adjustments
 (Thousands of Dollars)

WATER DEPARTMENT

	Exhibit 16	Exhibit 45 Adjustments	Total Staff Adjustments	Exhibit 42 H.L.4	Commiss Adjust
Revenue					
Operating Revenues	\$288		\$288	\$288	\$288
Amortization of SW Gas Refund					
Gain on Recquired Securities				9	-0-
Information Service				21	-0-
Employee Discounts				34	-0-
Unbilled Revenues				-0-	-0-
Total Revenue Adjustments	<u>\$288</u>		<u>\$288</u>	<u>\$352</u>	<u>\$288</u>
Operation & Maintenance Expenses					
(10) Fuel Costs at Docket 492 (5)					
Purchased Power Costs Docket 492 (6)					
Purchased Gas - 53G Levels (7)					
(11) Increased Costs of Main. Exps. (8)					
(12) Increased Payroll Costs (9)	\$ 64	\$(4)	\$ 60		\$ 60
(13) Increased Employee Benefits (10)	16	(3)	13		13
(14) Increased Insurance Cost-T#3 (11)					
Increased Research & Dev. Costs (12)					
Increased Postage Costs (13)	6		6		6
Eliminate Mallie Warren Expense (14)	(3)		(3)		(3)
Eliminate Cafeteria Operating Losses (15)	(4)		(4)		(4)
Eliminate Overtime Income Expense (16)	(1)		(1)		(1)
Amort. of Generation Studies Exp. (17)					
Amortization of Rate Case Expense (18)	1		1		-0-
Regulatory Commission Expense (19)	1		1		1
(1) Vacation Pay Accrual		(1)	(1)		(1)
(2) Payroll Classification Executives		(3)	(3)		(3)
(3) Payroll Classification-Tracy 3					
(4) Contingency Reserves-Property Ins.		(25)	(25)		(25)
(5) Contingency Reserves-Inj. & Dam.		(4)	(4)		-0-
(6) Telephone Expense		(9)	(9)		(9)
(7) Overhead Capitalization					
(8) Install. Costs of Meters & Transf.		(6)	(6)		(6)
(9) Capital Stock Expenses					
Total Operating Main. Exp. Adj.	<u>\$ 80</u>	<u>\$(55)</u>	<u>\$ 25</u>		<u>\$ 28</u>
Book Depreciation					
Depr. on Capitalized OH Elim. for RB (20)					
(15) Depr. on Plant after 8/31/75 (21)	\$ 32	\$(32)	\$-0-		\$-0-
(14) Depr. Change in Rates		37	37		-0-
Total Book Depreciation	<u>\$ 32</u>	<u>\$ 5</u>	<u>\$ 37</u>		<u>-0-</u>

SIERRA PACIFIC POWER COMPANY
 Adjustments
 (Thousands of Dollars)

WATER DEPARTMENT

Exhibit 16 Exhibit 45 Total Staff Exhibit 42 Commissi
 Adjustments Adjustments H.L.4 Adjuste

Taxes Other than Income Taxes

(16) Increased Nevada Property Taxes (22)	\$ (16)	\$ 5	\$ (11)	\$ -0-
(17) Increased Payroll Taxes (23)	7	9	16	6
Total Taxes Other than Income Taxes	<u>\$ (9)</u>	<u>\$ 14</u>	<u>\$ 5</u>	<u>\$ 6</u>
	=====	=====	=====	=====

Deferred Income Taxes

(20) Liberalized Depreciation		\$ 17	\$ 17	\$ 17
(18) Liberalized Depr. Plant Addit. (24)	\$ 24	(24)	-0-	-0-
(19) Rate Case Expenses (25)	(17)	17	-0-	-0-
Total Deferred Income Taxes	<u>\$ 7</u>	<u>\$ 10</u>	<u>\$ 17</u>	<u>\$ 17</u>
	=====	=====	=====	=====

Income Taxes Deferred Prior Years Credit

Elimination of Credit Prior Year (26)	\$ 32		\$ 32	\$ 32
Amortization of ITC Prior Year Adj. (27)	<u>\$ 1</u>		<u>\$ 1</u>	<u>\$ -0-</u>

Income Tax Calculation

Operating Revenue	\$ (288)		\$ (288)	\$ (288)
Operation & Maintenance Expenses	80	\$ (55)	25	28
Taxes other than Income Taxes	(9)	14	5	6
Adjustments for Tax Purposes:				
Amortization of Rate Case Expense	(1)		(1)	-0-
Amort. of Generation Studies Exp.				
(21) Employee Benefit Cost Capitalized(28)	4	(1)	3	3
(22) Payroll Taxes Capitalized (29)	2	3	5	2
(23) Tax Depreciation-Plant Additions (30)	19	(19)	-0-	-0-
(24) Increase in Debt Expense (31)	<u>85</u>	<u>(97)</u>	<u>(12)</u>	<u>98</u>
(Increase)Decrease in Taxable Income	<u>\$ (108)</u>	<u>\$ (155)</u>	<u>\$ (263)</u>	<u>\$ (151)</u>
Income Taxes at 48% (32)	<u>\$ 52</u>	<u>\$ 74</u>	<u>\$ 126</u>	<u>\$ 72</u>

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SIERRA PACIFIC POWER COMPANY
 Computation of Annual Interest Adjustment for Federal Income Tax
 Test Year Ended August 31, 1975
 (Thousands of Dollars)

	Exhibit 45 Page 12	Exhibit 14 Page 3	Net Plant Investment		Annual Interest Requirement per Commission	Actual Interest Expense	Commission Adjusted		
			Amount	Ratio			Total	Factor	Nevada Jurisdictional
Electric Plant	\$196,692	\$ 19,365(a)	\$216,057	79.16%	\$ 8,933	\$ 8,018	\$ 915	.80381	\$735
Gas	20,389	884	21,273	7.79	879	935	(56)		(56)
Water	<u>31,468</u>	<u>1,418</u>	<u>32,886</u>	<u>12.05</u>	<u>1,360</u>	<u>1,262</u>	<u>98</u>		<u>98</u>
Sub-Total	<u>\$248,549</u>	<u>\$ 21,667</u>	<u>\$270,216</u>	<u>99.00%</u>	<u>\$11,172</u>	<u>\$10,215</u>	<u>\$ 957</u>		<u>\$777</u>
<u>Non-Operating Net Investments</u>									
Net Non-Utility Property	\$ 1,411		\$ 1,411						
Gas Plant Held for Future Use	606		606						
CWIP	<u>22,373</u>	<u>\$(21,667) (b)</u>	<u>706</u>						
Sub-Total	<u>\$ 24,390</u>	<u>\$(21,667)</u>	<u>\$ 2,723</u>	<u>1.00%</u>	<u>\$ 113</u>	<u>\$ 995</u>	<u>\$(882)</u>		<u>\$(882)</u>
GRAND TOTAL	<u>\$272,939</u>	<u>\$ -0-</u>	<u>\$272,939</u>	<u>100.00%</u>	<u>\$11,285</u>	<u>\$11,210</u>	<u>\$ 75</u>		<u>\$(105)</u>

(a) 19,833 + 14 - 532
 Exhibit 16, pages 3 & 5

(b) Adjustment to reflect reduction
 in CWIP is the same amount as
 additional gross plant invest-
 ments from the period 8/31/75
 thru 12/31/75.

SIERRA PACIFIC POWER COMPANY
Comparison of SPPCO Adjustments between the Application & Certificate
Test Year Ended August 31, 1975

	EXHIBIT 6, PAGES 15 & 16					EXHIBIT 14, PAGES 1 & 2 (Certification)					Differences Total Only	
	Electric	Gas	Water	Common	Total	Electric	Gas	Water	Common	Total		
Operating & Maintenance Expenses												
(5) Fuel Costs at Docket 492 Levels	\$11,874				\$11,874	\$11,874				\$11,874		-0-
(6) Purchased Power Costs Docket 492	2,116				2,116	2,116				2,116		-0-
(7) Purchased Gas for Resale		\$2,967			2,967		\$2,967			2,967		-0-
(8) Increased Costs of Steam Generation ME	260				260	92				92		168
(9) Increased Payroll Costs	471	70	65		606	466	70	64		600		6
(10) Increased Employee Benefit Costs	36	6	7		49	98	17	16		131		(82)
(11) Increased Insurance Costs-Tracy #3	39				39	23				23		16
(12) Increased Research & Development Costs	66				66	66				66		-0-
(13) Increased Postage Costs	34	6	6		46	34	6	6		46		-0-
(14) Eliminate Wallie Warren Expense	(16)	(3)	(3)		(22)	(16)	(3)	(3)		(22)		-0-
(15) Eliminate Losses on Cafeteria Operation	(34)	(4)	(4)		(42)	(34)	(4)	(4)		(42)		-0-
(16) Eliminate O.T. Devine Expense	(4)	(1)	(1)		(6)	(4)	(1)	(1)		(6)		-0-
(17) Amortization of Generation Studies Expense	8				8	8				8		-0-
(18) Amortization of Rate Case Expense	34	2	1		37	34	2	1		37		-0-
(19) Regulatory Commission Expenses	61	11	1		73	61	11	1		73		-0-
Total Operating & Maintenance Expenses	\$14,945	\$3,054	\$ 72		\$18,071	\$14,818	\$3,065	\$ 80		\$17,963		\$ 108
Book Depreciation												
(20) Depr. on Capitalized Overhead Eliminated	\$ (18)				\$ (18)	\$ (18)				\$ (18)		-0-
(21) Increased Depreciation Expenses												
Rates Effective During 1976	438	\$(102)	\$16	\$(15)	337							337
Increase in Depreciable Plant	859	53	35	4	951	901	49	\$ 32	\$(4)	978		(27)
Total Book Depreciation Expenses	\$ 1,279	\$ (49)	\$ 51	\$(11)	\$ 1,270	\$ 883	\$ 49	\$ 32	\$(4)	\$ 960		\$ 310
Taxes Other than Income Taxes												
(22) Increased Nevada Property Taxes	\$ 394	\$ 18	\$ 17		\$ 429	\$ 220	\$ (19)	\$(16)		\$ 185		\$ 244
(23) Increased Payroll Taxes	45	7	6		58	52	8	7		67		(9)
Total Taxes Other than Income Taxes	\$ 439	\$ 25	\$ 23		\$ 487	\$ 272	\$ (11)	\$(9)		\$ 252		\$ 235
Deferred Income Taxes												
(24) Liberalized Depreciation-Plant Additions	\$ 280	\$ 12	\$ 17		\$ 309	\$ 621	\$ 24	\$ 24		\$ 669		\$(360)
(25) Amortization of Rate Case Expenses	(55)	(6)	(6)		(67)	(115)	(13)	(17)		(145)		78
Total Deferred Income Taxes	\$ 225	\$ 6	\$ 11		\$ 242	\$ 506	\$ 11	\$ 7		\$ 524		\$(282)
Income Taxes Deferred in Prior Years (Credit)												
(26) Elimination of Cr. for Prior Years Def. I.T	\$ 199	\$ 29	\$ 32		\$ 260	\$ 199	\$ 29	\$ 32		\$ 260		\$ -0-
(27) Amort. of ITC-Prior Year's Adjustment	\$ 13	\$ 1	\$ 1		\$ 15	\$ 13	\$ 1	\$ 1		\$ 15		\$ -0-

SIERRA PACIFIC POWER COMPANY
 Comparison of SPPCO Adjustments between the Application & Certificate
 Test Year Ended August 31, 1975

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	EXHIBIT 6, PAGE 17					EXHIBIT 14, PAGE 3 (Certification)					Differences Total Only	
	Electric	Gas	Water	Common	Total	Electric	Gas	Water	Common	Total		
Income Tax Calculations												
Operating Revenues	\$(17,599)	\$(3,246)	\$(288)		\$(21,133)	\$(17,599)	\$(3,246)	\$(288)		\$(21,133)		-0-
Operation & Maintenance Expenses	14,945	3,054	72		18,071	14,818	3,065	80		17,963		\$108
Taxes Other than Income Taxes	439	25	23		487	272	(11)	(9)		252		235
Adjustments for Tax Purposes												
Amortization of Rate Case Expenses	(34)	(2)	(1)		(37)	(34)	(2)	(1)		(37)		-0-
Amortization of Generation Studies Expense	(8)				(8)	(8)				(8)		-0-
(28) Employee Benefit Costs Capitalized	31	2	2		35	70	5	4		79		(44)
(29) Payroll Taxes	32	3	3		38	23	3	2		28		10
(30) Tax Depreciation - Plant Additions	876	19	7		842	830	42	19		891		(49)
(31) Increase in Debt Expense	943	(48)	109		1,004	785	(91)	85		779		225
(Increase)Decrease in Taxable Income	\$(435)	\$(193)	\$(73)		\$(701)	\$(843)	\$(235)	\$(108)		\$(1,186)		\$485
(32) Increase in Income Taxes @ 48%	\$209	\$93	\$35		\$337	\$405	\$113	\$52		\$569		\$(232)
Rate Base												
(33) Elimination of Capitilized Overheads	\$(532)				\$(532)	\$(532)				\$(532)		\$-0-
(34) Elimination of Gas Plant Held for Future Use												
Gross Plant Investment		\$(1,070)			(1,070)		\$(1,070)			\$(1,070)		-0-
Accumulated Provision for Depreciation		465			465		465			465		-0-
(35) Addition of Plant in Service 9/1 to 12/31/75	20,089	895	1,551	\$14	22,549	19,883	884	\$1,418	\$14	22,199		350
(36) Unamortized Investment Tax Credit-Prio	(1,453)	(218)	(290)		(1,961)	(1,453)	(218)	(290)		(1,961)		-0-
(37) Increased Deferred Income Taxes	(225)	(6)	(11)		(242)	(621)	(24)	(24)		(669)		427
(38) Increased Book Depreciation Accruals (35)	(443)	(28)	(26)		(497)	(901)	(49)	(32)	4	(978)		481
Total Rate Base Increase	\$17,436	\$38	\$1,224	\$14	\$18,712	\$16,376	\$(12)	\$1,072	\$18	\$17,454		\$1,258

jurisdictional water department; and

IT IS FURTHER ORDERED That Applicant shall be authorized an overall revenue increase by this proceeding not to exceed \$2,933,000 for Applicant's Nevada jurisdictional electric department, \$351,000 for Applicant's Nevada jurisdictional gas department, and \$463,000 for Applicant's Nevada jurisdictional water department; and

IT IS FURTHER ORDERED That said revenue requirements authorized herein shall be spread to Applicant's tariff schedules as more fully set forth in the Opinion attached hereto; and

IT IS FURTHER ORDERED That Applicant shall modify and cancel its tariff schedules in a manner consistent with the Opinion and Findings and Conclusions attached hereto; and

IT IS FURTHER ORDERED That Applicant's employee discounts for electric, gas and water service for present and retired employees shall be phased out and eliminated by May 1, 1977 as more fully set forth in the Opinion attached hereto; and

IT IS FURTHER ORDERED That Applicant shall file revised tariff sheets and rate schedules in compliance with the above described rate spread and modifications; and such schedules shall become effective either one (1) day after the Commission has approved them or on such later date as Applicant designates; 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/ Noel A. Clark

NOEL A. CLARK, Chairman

/s/ Eyo A. Granata

EVO A. GRANATA, Commissioner

/s/ Heber P. Hardy

HEBER P. HARDY, Commissioner

Attest: /s/ Wm. W. Proksch, Jr.

WM. W. PROKSCH, JR., Secretary

Dated: Carson City, Nevada
May 28, 1976

(SEAL)

Comments of Joe Gremban before the Gov't Affairs Committee
dealing with AB 602

1. Strongly opposed to bill.
2. PUC by law has been given the responsibility to protect the public interest.
 - a. Staff of accountants, engineers and attorneys to accomplish this.
 - b. A consumer division created by the 1975 Legislature within PUC.
3. Providing a public utility service is extremely complex. Many engineering, rate making and accounting concepts that require specialized knowledge that can be provided only by large staffs such as the PUC has and couldn't possibly be duplicated by counties without great cost and effort.
4. No restriction as to proceedings that could be intervened in. Rates, service, environment, power supply, etc.
 - a. Open door for consultants to come in, convince the counties on merits of their points of view on any conceivable subject and additional cost to consumer. Commission already has the perogative to hire experts.
5. Would create additional burden to commission staff and commissioners themselves to study what could be reams of new testimony and exhibits.
6. Just who and what consumers and what interests would be represented by the counties.

Sierra Pacific Power Co. Customers:

- a. 39% residential, 42% small commercial, 12% large industrial.
- b. Each class of customers may have a different interest.
 1. residential vs. residential- 48% to 100% difference in increases.
 2. residential vs. commercial-
 3. the old, young, minorities, etc.
- c. In last several rate cases- industrial intervenors presented case- should county reimburse them as class of customer.
- d. A dissident group of customers may take issue, citizens alert, Committee for Responsible Growth, etc. - should they be funded by county as a class of customer?
- e. In current court case both Washoe County and Industrial intervenors involved in opposition to each other- both to be funded or represented by the county?

- f. Who determines the position of what the majority of customers want represented? A poll or survey? What are the ramifications if a group does take a poll or survey and determines the position of the county is not that of the majority?
- g. Washoe County adopted position on time of use pricing- what customers were represented? One part of state may support another. One county may support another county. Railroad or telephone companies would be providing assistance on electric, gas, or water cases.
7. Costs estimates by a previous witness are \$160,000 annually. With no restriction on type of intervenors there would likely be rapid growth in costs. Even \$160,000 represents costs that consumer would not otherwise incur. Any funds should be applied to upgrade expertise of PUC staff.
8. To bring some of the comments made previously into perspective:

a. SPP Co.

	<u>Requested</u>	<u>Granted</u>
Elec. Fuel	18,500	18,300
Gen.	<u>16,700</u>	<u>7,800</u>
	35,200	26,100
Gas Fuel	3,900	3,900
Gen	<u>1,300</u>	<u>900</u>
	5,200	4,800
Water	<u>1,400</u>	<u>700</u>
	<u>42,000</u>	<u>31,600</u>

Some had been requested in 1974 and granted in 1975.

Total utilities- General to March 1

Southwest	20.8 million (requested)	5.7 granted	27%
Nevada Power	57.7	14.5	25
Sierra	<u>20.9</u>	<u>11.2</u>	<u>53</u>
	99.4	31.4	31.7%

Additional rate cases mentioned by Branch- Fuel
Highest profit in history.

Refer to exhibit- company has not earned to allowable rate of return in any year since 1972 and in that 5 year period was deficient \$10 million.

1975 Studied Utility and PUC and made certain recommendations:

Legislative subcommittee conducted an interim study and made certain recommendations.

Recommendations have not been implemented. Utilities have prepared legislation directed to reducing the numbers of rate cases- the legislation hasn't even seen the light of day.

1. Congress has been sincerely considering this type of legislation since 1971 and due to the ramifications have not yet passed a bill.
2. In reading Franklin Roosevelt when he was the Governor of New York, he vetoed a bill to create a people council to represent the public in rate cases before the PUC. He said in vetoing it that he did not intend to waste the taxpayers money through wasteful duplication.

RETURN ON COMMON EQUITY ACTUAL VS ALLOWED

DEFICIENCY IN THOUSAND
OF DOLLARS

12 MOS ENDED	AMOUNT
DEC 72	\$ 698
MAR 73	1,572
JUN 73	1,241
SEP 73	1,161
DEC 73	<u>1,037</u>
MAR 74	<u>1,040</u>
JUN 74	627
SEP 74	386
DEC 74	712
MAR 75	1,136
JUN 75	1,580
SEP 75	3,766
DEC 75	4,337
76	<u>3,22</u>

1109.

5 yr. deficiency 10,402

5 yrs. def. 10,20

