

MINUTES

ASSEMBLY  
GOVERNMENT AFFAIRS COMMITTEE  
April 7, 1977

Members Present: Chairman Murphy  
Assemblyman May  
Assemblyman Craddock  
Assemblyman Jeffrey  
Assemblyman Jacobsen  
Assemblyman Moody  
Assemblyman Robinson  
Assemblyman Westall

Members Excused: Assemblyman Mann

The meeting was called to order at 1:00 p.m. by Chairman Murphy. He explained that the Washoe Delegation has some questions which needed to be answered before they would be ready to take action. The Sierra Pacific Power Company was ready to answer the questions.

Mr. Joe L. Gremban, President of Sierra Pacific Power Co., and Bob Layton and Eldon Dobbins, also of Sierra Pacific, responded in written form. Mr. Gremban presented their written statement and it is attached and marked Exhibit 1.

On conclusion of the reading of the statement, Mr. Craddock asked Mr. Gremban if, with the potential savings that would have resulted in water meters, would that savings have resulted in postponement of the new treatment facility. Mr. Gremban stated: If we had water meters in operation, we would not have had to build that plant. The cost of that plant is \$7.5 million. The rates that are going to be required, and they're not in effect yet, would be about a million and a half dollars per year. This could have been delayed until the year 1985 to 1987, had we had the meters in place.

Mr. Jeffrey said that he felt the committee had spent considerable time on water meters and that it was time to move on the issue. Mr. Jeffrey moved for a Do Pass on AB 438. Mr. Craddock seconded the motion. There was no vote as discussion continued.

Chairman Murphy stated that he had made the assumption that in a letter from the Secretary of the Interior, Cecil Andres, to Governor O'Callaghan on March seventh, relative to getting water from the Stampede Reservoir, etc, there were seven points that would be important in helping to achieve that. Among those seven points, the last being the parties need to agree to take reasonable action to conserve water. This letter does not specifically mention water meters nor does the Department of Interior press release. The copy that he had was scratched over and includes water meters, point seven was underlined. That was done by an individual, other than the one who wrote the letter and he wanted that clarified for the record that it is not specifically mentioned as one of these seven points from the letter from Secretary Andres.

Mr. Jeffrey stated he felt it was an issue which should have been dealt with many years ago. He pointed out there are water meters all over the state, particularly in Clark County and it had never been a politically popular thing to do.

He also stated that he felt that, perhaps, now was the time to take action on the meters because of the drought that we are facing.

Mr. Craddock passed out a letter with excerpts from a letter from the Water Resources Engineer and one from the Department of Human Resources, Roger Trunday and Roland Westergard, which is attached and marked Exhibit 2. He stated that he and Mr. May were served by the same water utility and that he was on a meter and Mr. May was not. Mr. May lives in the City of North Las Vegas and that they vote for and elect the people that run the water utilities. He said that his water bill was lower than Mr. May's by some several dollars per month because Mr. May is on a flat rate and probably doesn't use the volume of water that he pays for. Mr. Craddock stated that he only pays for what he actually consumes and goes through the meter. He said that Mr. May could confirm this. He stated that Mr. May's water bill is around \$14.50 per month while his own was only \$7-8 which is based on a \$4.40 minimum and then on consumption. He said they pay 32¢ per thousand gallons for the first 30,000 gallons and thereafter 40¢ per thousand gallons. Because of this type of structure, he stated, that they have a conservation oriented rate in force in Southern Nevada right now even though they don't have an existing water problem, in fact, they have an excess of 300,000 acre feet, in total.

Mr. Moody asked Mr. Gremban if they could have served 400,000 population in 1962. Mr. Gremban stated that they could not have served that large a population. Some discussion followed and Mr. Moody stated to Mr. Gremban that he felt that he had convinced him and a number of the other committee members, however they had done a bad selling job on the public of Reno. Discussion, again, followed briefly.

Chairman Murphy stated that the chair would like to note that normally when there is a motion on the floor, discussion is quite specifically limited to that motion, but that since this discussion was necessary, he would allow it to continue.

Continuing, Mr. May stated that he would like to verify the remarks which had been made by Mr. Craddock regarding their water bills and add one additional remark. That being that the people of North Las Vegas now have the option of having water meters put in, if they wish to.

Mrs. Westall moved to make an amendment to the bill which would limit the population of Washoe County to 100,000 people. She felt that, if there was such a critical shortage of water, then they should do something about the population. The motion died for lack of a second. Mrs. Westall also reminded the committee that this was a local issue and that the Washoe Delegation had shown no support toward the measure. She stated that she had asked them to come to this meeting and they had indicated that their lack of support at the delegation showed that they felt the measure ought to be killed or go to a sub-committee.

Mr. Robinson reminded Mrs. Westall that the Legislature had just appropriated \$300,000 of state monies, to enter into the Truckee River lawsuits regarding this. And, since the people of Clark County, who pay 75% of the taxes of the state and therefore over \$200,000 into that lawsuit, have a vested interest in the matter and that it was not an entirely local issue. He also stated that there will be plenty of public input at an ordinance hearing on the matter when it gets to the local arena. He stated he was convinced that we are facing a water shortage and that California will not, in his opinion, allow more water to be let out of Lake Tahoe. He also concluded that if there is concern about

this matter enough to pass shower head and toilet regulations, then there should be enough concern to make this legislation mandatory and not permissive.

Mr. Jeffrey remarked that the State first got involved the local government aspect in about 1919 when the prohibition was first passed.

Mrs. Westall stated that at a prior meeting, Heber Hardy of the PSC said that the PSC would authorize water meters no matter what happened at the public hearing before the PSC. Mr. Hardy stated: "I made it abundantly clear and even the next morning when I opened up myself to questions on the fact that the Commission was already on record and I personally was on record as saying that water meters is the only fair and equitable way to sell water. And, that we are already on record in the previous opinion. I said that we have not made up our minds on any application that would be filed by SPP in the future. We would accept all evidence presented and we would have to base our opinion on substantial evidence. The whole record should be made very clear. I still maintain that I have made up my mind as to the most equitable way to sell water. That does not necessarily say that if the evidence is overwhelming against water meters and the feasibility of them that that is the way the decision will come out. I don't think it says anything about how the decision will come out. It simply says what our position is on water meters."

COMMITTEE ACTION:

AB 438: Mr. Jeffrey had moved Do Pass on this measure. Mr. Craddock had seconded it. Mr. May moved to amend page 1, line 17, to change shall to may and Mr. Jeffery seconded the motion and the motion was changed to Amend and Do Pass. The motion passed with Mr. Mann being absent for the vote and Mrs. Westall abstaining. (The portion of the tape of the March 23 meeting was replayed for the committee to clarify Mr. Hardy's original testimony.)

The final vote on Do Pass as Amended was as follows: Mr. Mann was absent for the vote and Mr. Murphy and Mrs. Westall voted no, all other members voted in favor.

AB 440: Mr. Jeffrey moved for a Do Pass. Mr. May seconded the motion and it passes with Mr. Mann absent for the vote and Mrs. Westall abstaining.

AB 439: Mr. Jacobsen moved for Amend and Do Pass. Mr. Craddock seconded the motion. The amendments were those furnished by Mr. Russ McDonald. The motion carried with Mr. Mann absent from the vote and Mrs. Westall abstaining.

There being no further business, Chairman Murphy adjourned the meeting at 1:55 p.m.

Respectfully submitted,

*Kim Morgan*  
Kim Morgan, Secretary

March 31, 1977

QUESTIONS AND ANSWERS  
FOR THE WASHOE COUNTY LEGISLATIVE DELEGATION

Q1. How many people could live in the Truckee Meadows if we have water meters? Will the installation of water meters allow an increase of the number of people in the valley?

A1. As early as 1962, Sierra Pacific Power Company officials, in testimony before the Public Service Commission of Nevada, estimated that approximately 400,000 people could be served within the existing water service territory of the Company. This population estimate was derived from existing zoning laws in the area along with estimated density factors projected into the future. This projection is reasonably accurate by today's standards, and would hold true in future years assuming these measurement factors were not altered by higher density zoning, or growth restrictions.

The company is required by law to serve all customers making application for service in accordance with filed rules and regulations, irrespective of the method of how water is billed to the customer. Neither the present flat rate billing system, nor the installation of water meters can control the population within the company's service territory. Growth must be managed or controlled through the action of local governmental entities, not by the restriction of services available.

Q2. Would Sierra Pacific apply to the Public Service Commission to enlarge their service territory if meters are installed?

A2. No. The Company has resisted any change to its service territory boundaries for many years. Existing land within these boundaries can be served with water by rights currently owned by the company and rights now existing on land within the boundaries - assuming water is available to satisfy these rights.

Q3. Will Sierra Pacific file an application to modify the decree if the water meter statute is repealed?

A3. The opportunity to modify the Orr Ditch Decree is substantially greater if more water is available downstream than is required by downstream users. With the installation of water meters, less water would be required from the Truckee River system, which would allow us to petition the Court to store that unused water in existing upstream reservoirs. The Department of Interior has previously stated that the installation of water meters is one of the conditions that must be met prior to negotiating for upstream storage of Sierra Pacific's unused water. The Company would thus be in a stronger bargaining position with the installation of meters.

Q4. The installation of water meters does not make sense if the unused water continues to run downstream. How does Sierra Pacific propose to develop their additional need for storage to hold the unused water upstream?

A4. Present storage capacity now exists on the Truckee River and Little Truckee River systems. Therefore, no additional storage facilities are required. Existing reservoirs and storage capacity are as follows: Lake Tahoe 720,000 ac. ft., Prosser Reservoir 28,640 ac. ft., Stampede Reservoir 226,500 ac. ft., Boca Reservoir 40,870 ac. ft., Independence Lake 17,500 ac. ft., Donner Lake 9,500 ac. ft. (See attached schematic map.)

Q5. What is the ability to capture or store the water saved with the use of meters?

A5. All of the above sites have the potential to store unused water for use in water short years, as well as water saved through the installation of meters.

Q6. What is the upstream water we save going to be used for?

A6. Upstream water saved through the use of meters will be stored and used during water short years and periods of high water use to satisfy the municipal and industrial needs of Sierra Pacific's water system.

Q7. Is the water not being used because of the lack of upstream storage capacity?

A7. No. As previously mentioned, upstream storage is more than adequate, provided we are allowed to store the water.

Q8. What are they storing water for? To sell to someone else?

A8. The storage of unused Sierra Pacific water would be used to satisfy the needs of the Company's municipal and industrial customers as delineated within the boundaries of the established water service territory. It is not the intent of the Company to sell or use the water for any other purpose.

Q9. What is the effect on downstream water rights if water meters are put into use?

A9. There is no detrimental effect on downstream water rights should water meters be installed.

Q10. How would the installation of water meters affect the joint sewage treatment plant?

A10. It is estimated that the installation of water meters will save somewhere between 20 and 30% of the water now consumed by Sierra Pacific customers. A substantial portion of this savings will also

accrue to the sewage treatment plant. Recent figures indicate that Sierra Pacific water customers use an average of about 40 million gallons of water per day on an annual basis. The present sewer plant is now processing nearly 20 million gallons of influent a day, which correlates to 50% of the water consumed by residents of the Truckee Meadows. The installation of water meters would provide a significant reduction in sewer plant demand.

In addition, a substantial savings would result in the treatment of influent into the sewer plant. Present treatment costs are estimated at approximately \$125/million gallons of influent, with the costs projected to increase four times that amount in order to meet Federal requirements for the planned addition. Should the advent of meters result in a savings of 4 million gallons per day, savings in treatment costs could amount to something in excess of \$200,000/year at \$125/million gallons, or \$800,000/year at \$500/million gallons.

Q11. Would water meters have any effect on Sierra Pacific's water system and the need for additional facilities?

A11. The reduction of water consumption of 20% to 30%, as previously mentioned, would reduce the peak demand on the Sierra Pacific system, which is the controlling factor in its design. The estimated reduction in water use would allow the Company to postpone the second phase of its planned Glendale Water Treatment plant from 1987 to the year 2000, which would delay the expenditure of approximately \$7 million and a revenue requirement of an additional \$1.5 million. In addition, certain transmission facilities could be postponed.



Furthermore, water meters would result in a savings of approximately \$250,000 to \$300,000 a year in water treatment costs.

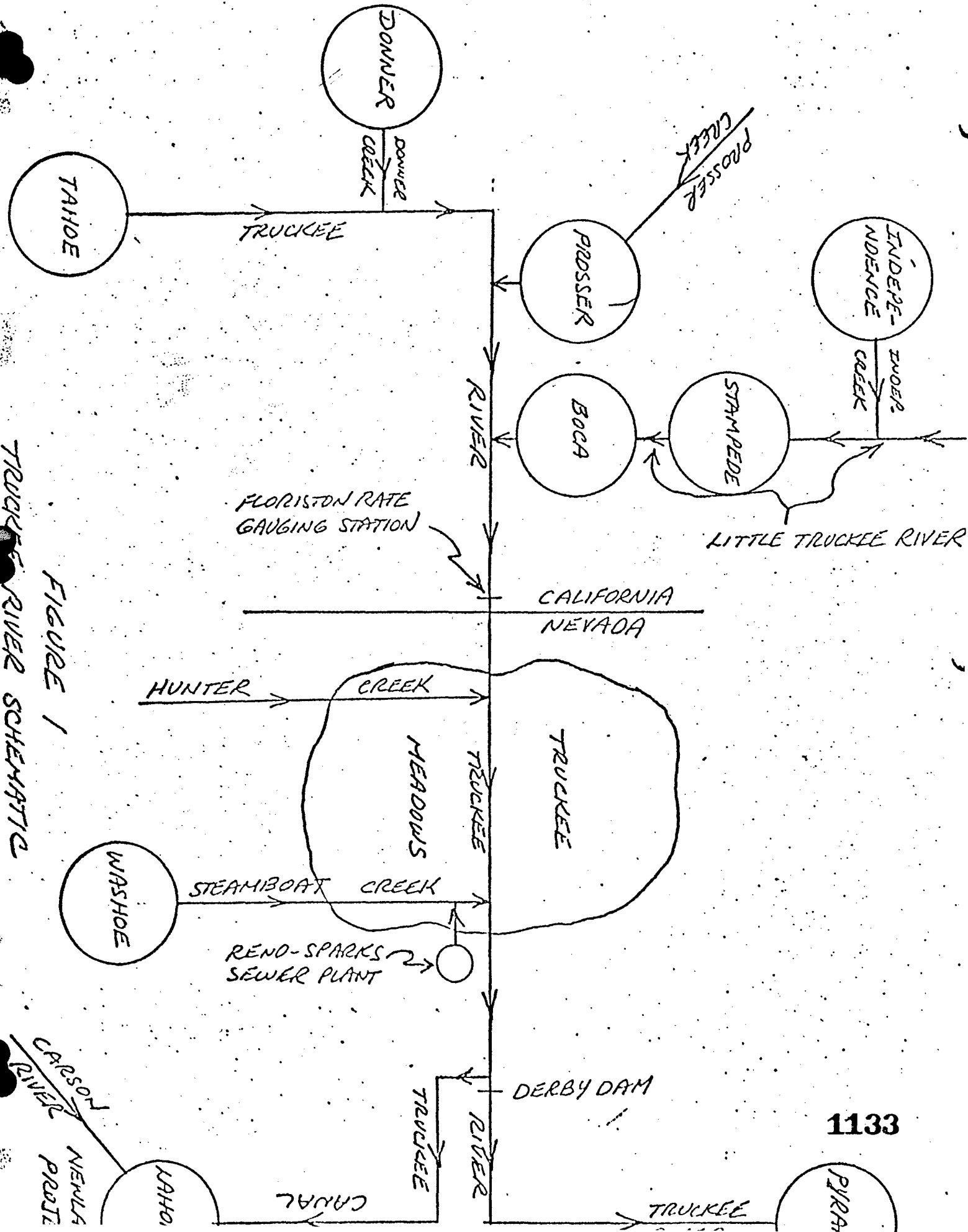
Q12. What will happen to water rates if meters are installed?

A12. Water rates are determined by several factors, including the costs to operate the system and how much money is invested in it. Presently Sierra Pacific Power Company has approximately \$40 million invested in its water system. Certain revenues are required to cover these costs whether rates are metered or on a flat basis. Assuming the cost of meters and their installation are not included in the Company's investment in facilities as proposed, the revenue requirements would not change.

Furthermore, those individuals who use little water, such as senior citizens, apartment dwellers and the like, would benefit in that they would pay for only that which is used.

Q13. Assuming water meters were installed, who would get them first?

A13. The Company has proposed that commercial and industrial customers be the first to receive water meters, along with all new residential construction. After completion of this phase of the project, we would install meters in existing residential neighborhoods.



TRUCKEE RIVER SCHEMATIC  
FIGURE 1

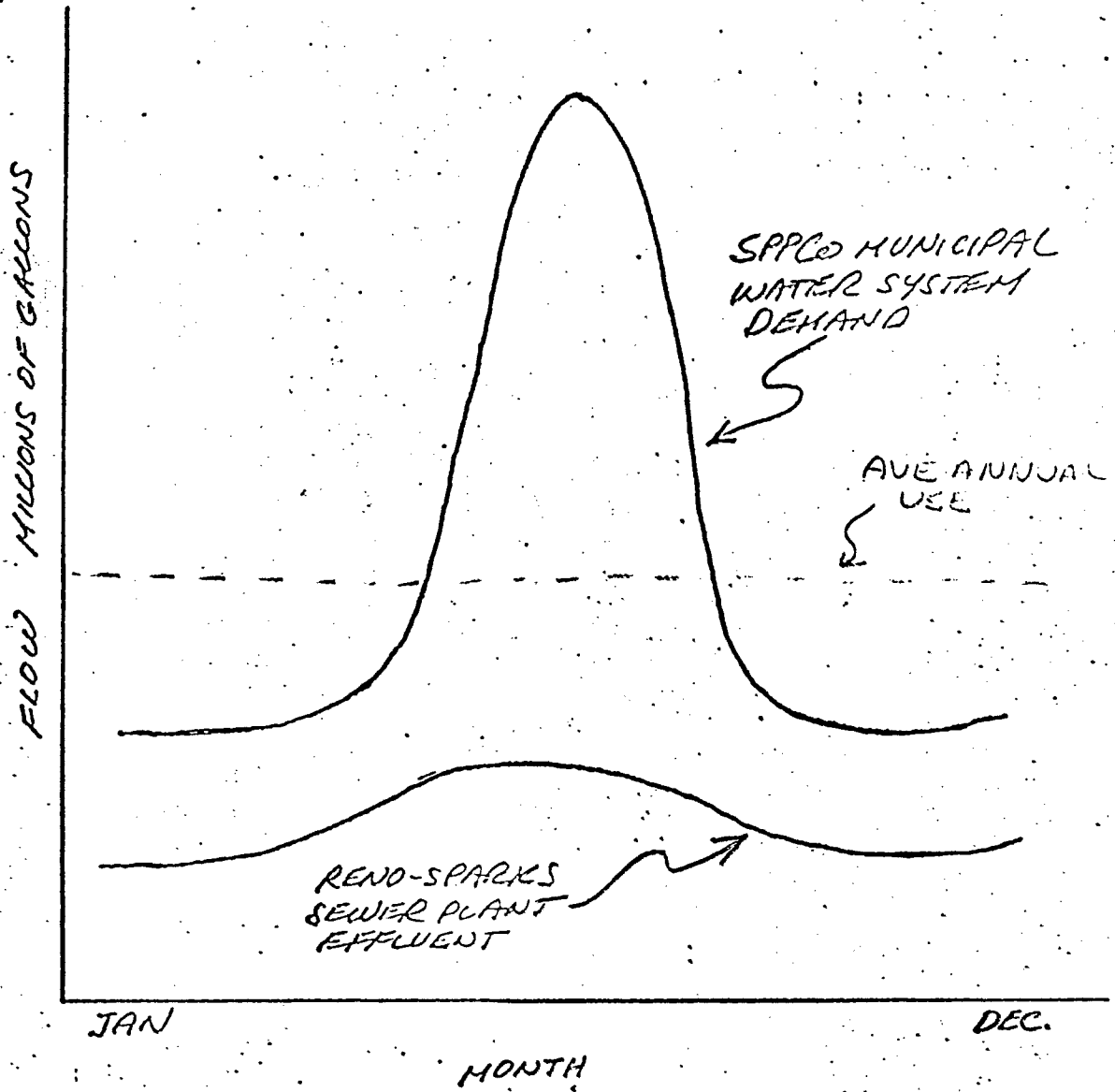


FIGURE 3  
 SPPCO WATER SYSTEM DEMANDS AND  
 RENO-SPARKS SEWER PLANT FLOWS



# Nevada Legislature

FIFTY-NINTH SESSION

March 25, 1977

TO: GOVERNMENT AFFAIRS COMMITTEE

FROM: R. G. CRADDOCK

Quoting from WATER SUPPLY OUTLOOK FOR NEVADA, page 1:

"East Slope Sierra Nevada

"March 1 snow course measurements indicate that water contents of the snowpack is still minimal...

"Streamflow forecasts are for record low streamflow this summer. They are lower than last year's flows, many being the lowest on record... The Truckee River April 1 to July 31 forecast is 40,000 acre-feet for only 15 percent of average...

"Lake Tahoe contains 165,000 acre-feet now as compared to last year's 502,000 acre-feet on March 1."

In a letter from Roland Westergard, State Engineer, Department of Water Resources, dated March 24, 1977, he says:

"It has been estimated that there would be a deficiency of approximately 24,000 acre feet next year...

"There have been extensive efforts to retain approximately 30,000 acre feet in Stampede Reservoir to, at least in part, offset the projected deficiencies as they occur later this year and next year." \*

Quote from a memorandum from Roger S. Trounday, Director, Department of Human Resources, dated March 25, 1977:

I. "Your request for information regarding the pumping of water out of Lake Tahoe is a much more complicated issue than I thought! There is a controlling legal document which has an overriding effect on this entire matter - this is the Truckee River Decree."

II. "One phase of the agreement states that water will not be removed from Lake Tahoe for irrigation or power use by any means

other than gravity except upon the condition that the Secretary of the Interior of the United States shall have first decreed the same a necessity."

III. "Another phase of the agreement is that parties will not remove water from Lake Tahoe for sanitary or domestic uses by any means other than gravity except upon condition that the Department of Health of Nevada and California or other officials exercising similar authority shall first have made and filed with the Attorney General of the State of Nevada and the Attorney General of the State of California, certificiates showing that a necessity for the same exists.

"As you can see, this places the responsibility for showing a need for pumping water from Lake Tahoe in the Department of Human Resources as the Health Division is within this department.

"In reviewing this, I feel I would appoint a committee composed of representatives from the following: Nevada State Engineers Office, Environmental Protection Services, Federal Water Master, Sierra Pacific Power Co., TRPA, and representatives from each of the three Nevada counties bordering Lake Tahoe."

IV. "This would be a long and cumbersome process and might be difficult to gain any positive results since the State of California would also have to concur. Naturally in any such setting, it would be necessary for the State of Nevada to demonstrate to the State of California that we are using every possible water conservation method available to us prior to having to resort to pumping water from Lake Tahoe. The Governor's position is, as I stated it to you over the phone, he feels that the option should be available for local authorities as well as utility authorities to be able to make the necessary move to initiate meters being utilized on the local level."

This committee is acutely aware of the letter dated January 9, 1962, from the California Committee on Pumping from Lake Tahoe. You must also be aware of the fact that we today do not meet the prerequisites required at that time. It is, therefore, my feeling that the strongest possible tool that we can provide our committee with, to meet with the like committee from California may prove it is inadequate. I therefore urge that we provide the strongest possible mandate to our Public Service Commission, as well as the local governmental entities involved.

\* Stampede Reservoir is controlled by the Bureau of Reclamation, Department of the Interior.