SENATE
COMMERCE AND LABOR
COMMITTEE

Minutes of Meeting
Wednesday, April 20, 1977

The Meeting of the Senate Committee on Commerce and Labor was held on April 20, 1977, in Room 213 at 2:15 p.m.

Senator Thomas Wilson was in the chair.

PRESENT: Senator Wilson
Senator Blakemore
Senator Bryan
Senator Close
Senator Young
Senator Hernstadt

ABSENT: Senator Ashworth

OTHERS PRESENT: See attached list

The Committee considered the following:

AB 602 REQUIRES PUBLIC SERVICE COMMISSION TO PAY CERTAIN SUBSIDIES TO COUNTIES WHICH CONTEST PUBLIC UTILITY RATE INCREASES.

Assemblyman Patrick Murphy was the first to testify. He stated that AB 602 essentially provides for cities and counties within the State of Nevada to apply to the Public Service Commission and upon approval of the PSC and the State Board of Examiners receive a reimbursement for their expenses incurred in intervention before the PSC on rate increases.

He did propose an amendment wherein on page 1, line 9 and 10, it states that applications that the reimbursement may include applications by utility to construct any utility facility as defined in NRS 704.860, would be deleted because he felt this would eliminate some problems with the bill.

He said that the expense of the bill is minimal. It's approximately $160,000 a year. The money is derived from the mil tax which is collected by the PSC from the utilities. The mil tax is essentially payed by the consumer who pays it as part of the fees payed to the utility company and in turn its collected by the PSC.

Mr. Murphy added that the basic rational behind this bill is that when public utilities appear before the PSC and testify for additional rate increases, the

consumer pays for that testimony because every time a utility bill is paid, the money that the utility companies use for this testimony comes from gross operating revenues. He feels that there should be similar type of testimony representing the consumers within the State of Nevada. The bill will simply provide the PSC with testimony on the opposite side of the issue. The bill does not prohibit a city or county from coming in and supporting a rate increase. He feels it is a very sound bill.

Mr. Murphy added that $3.5 million is currently collected and there is a great deal of money in the fund at this time and by taking $165,000 each year will not create a deficit within the regulatory fund of the PSC. The money would be used for expert legal counsel and expert consultants in utility areas.

The bill passed out of the Assembly 36 to 4 with very little opposition.

In answer to a question by Chairman Wilson, Mr. Murphy said that the money would be allocated on a basis of revenue collected from the various counties and political subdivisions so you wouldn't have, for example, Washoe County moving in and taking the entire $165,000. It would be allocated on the basis of revenue that Washoe County had produced.

In conclusion Mr. Murphy said that he felt this would give the people of the State of Nevada a feeling that there is someone at the PSC hearings for rate increases who is representing the consumers' interests. He said that the PSC does a good job of being fair but they cannot take advocacy positions for the public and he felt that this bill would solve this problem.

SB 505 INCREASES LIQUOR TAX TO PROVIDE FOR TREATMENT OF ALCOHOLICS WHO ARE INDIGENT.

Paul Cohen of the Bureau of Alcohol and Drug Abuse appeared to bring to the attention of the Committee that there already is a Senate Concurrent Resolution (SCR 34) that has been approved by the Senate Floor to direct a Legislative Commission study of alcohol problems and drug abuse as well as the possibility as an alternative with insurance.

He said that he was present to clarify the bill and not necessarily in support of the measure. He said this was not an agency bill.

Tom Kruse from the Department of Taxation was the next to appear. He distributed a copy of the fiscal note to SB 505 (See Exhibit A). He pointed out that the increase from 6¢ to 10¢ on beer is a 67% increase, from 30¢ to 35¢ on dry wine is a 17% increase, from 50¢ to 55¢ on sweet wine is a 10% increase, the amount on liquor is $1.90 to $2.00--a 5% increase. There is virtually no effect on the amount of revenue that the local governments or the state general fund would receive and the amount that would be given to the state grant and gift fund would be approximately $1.6 million in fiscal year 1978, and approximately $1.7 million in fiscal year 1979.

David Hagan, representing the United States Brewers Association, appeared in opposition to the bill. He said that in order that there be no misunderstanding of the Association's position, the United States Brewers Association is in no way voicing objections to programs designed to combat alcoholism or to rehabilitate the alcoholic. The Association makes unconditional and generous contributions annually to the National Council on Alcoholism for that purpose. The Association, however, feels that the proposed tax would establish a dangerous precident because it is a well known fact that alcohol does not cause alcoholism anymore than the automobile manufacturer causes an automobile accident. If it is assumed that by taxing alcohol, we can curb alcoholism, it is tacitly implied that the alcoholic beverage industries are responsible for the disease of alcoholism, which is not the case. Therefore, the United States Brewers Association strenuously oppose the singling out of the alcoholic beverage industry as the one source of fresh revenue to combat alcoholism and help rehabilitate the alcoholic. This type of taxation could easily lead to every industry serving the public becoming a target or being penalized because of individual indiscretions in using certain products. The problem of alcoholism in Nevada is the problem of Nevadans and not the alcohol beverage industry, Mr. Hagan said and the funds for this program should come from the General Fund and not from the tax on an individual product.

Authur Senini, appearing for the Wine and Spirit Wholesalers of Nevada, was the next to testify. He said that they were speaking out in opposition to SB 505. He said that during the present Session, they had been in support of SB 247 and AB 344, both of which

addressed the problem of alcohol rehabilitation and drug abuse treatment. While they are in sympathy with the aims and objectives of SB 505, we believe it is inappropriate to mandate a tax increase specifically earmarked to address a social problem. He said that they do not believe that their industry alone is responsible for the problems and so, suggest, as they have before, the continuance of informational and educational programs in which they will be glad to help support. They have and will continue to meet with the various drug and alcohol abuse program leaders to participate in finding solutions to this problem. It is their firm belief that any and all treatment monies should come from the General Fund and, therefore, urge the Committee's defeat of this proposed law as outlined.

There being no further testimony on SB 505, the Committee then heard testimony on AB 448.

AB 448 PROVIDES FOR PAYMENT OF INTEREST ON CERTAIN UNPAID INSURANCE BENEFITS.

Milos Terzich, representing the American Life Insurance Association, was the first to testify on AB 448. He stated that this bill compels the insurance company to pay interest from the date of death on life insurance proceeds unless they are paid within the first 30 days. They supported the bill, in full, because the insurance company is receiving interest on this money and they should pay it. He felt it was a good consumer oriented measure.

Vernon Leverty, Chief Deputy State Insurance Commissioner, was the next to speak. He stated that they were in full support of AB 448 because the Insurance Commission feels that it resolves some difficulties they have seen in this particular area and the people should receive the benefit of the interest on the money of their life insurance proceeds.

The hearings were then closed on AB 448 and the Committee received testimony on AB 29.

AB 29 PROVIDES CRITERIA FOR MANAGEMENT, RATES AND EXAMINATION OF PUBLIC UTILITIES.

Noel Clark, Chairman of the Nevada Public Service Commission, was the first to testify. He informed the members of the Committee that AB 29, in its present form, constitutes a compromise from an original bill which provided that

the Commission would pick the individual or firm to conduct the utility audit or management study. He remarked that the PSC is still in favor of choosing the candidate to make the study of a particular public utility company. He said that the PSC supports the measure. The Commission would choose 20 people who would be appropriate to make the studies and then the utility company would choose someone from the 20 to make the specific study. He felt that it was important that the scope of the study be specified at the time the investigation is instituted and the depth to which the study should go.

Clark Guild, representing South West Gas Company, said that perhaps the Committee should be aware that this bill came about as a result of the Legislative Commission Interim Study Subcommittee on Utilities and was proposed by that Subcommittee and introduced by members of that Subcommittee in the Assembly. He added that when it first came into being, it included not only energy utilities but also common carriers and contract motor carriers. It could have conceivably been interpreted to have included airlines and railroads. The Assembly Committee, as a result, selected a subcommittee who revamped the provisions of the act and have now limited it in Section 3 to community antenna TV system, electric light, heat and power or natural gas companies. So, it is generally confined to the energy utilities with the exception of community antenna.

Mr. Guild also called the Committee's attention to Section 4, that the Assembly's Subcommittee suggested in Subsection 5, Line 10, Page 2, that it read "The costs of an examination are allowable rate-making expenses of the public utility." He said that the word "rate-making" for some reason, was left out between the time it was approved by the subcommittee and by the time the bill was amended. He read into the record for reasons of legislative intent, "It occured on April 7, 1977. Mr. Demers stated for the record that on Page 2, Line 8, Subsection 5, the cost of an examination are allowable expenses of the public utility," he said, "that he thought they were going to put the word "rate" in there someplace, and I think that is understood." Mr. Clark stated, "I think that the language under line 6, page 2, paragraph 3, 'The cost of examinations approved by the Commission before they are incurred are allowable expenses of the public utility' and as such, I consider that language to be adequately strong. That it is a requirement or mandate to the Commission that if the Commission enters into an agreement for the examination of a utility, then the Commission must allow those

expenses as operating expenses in the right case." Mr. Mello interposed, "I do not feel there is any requirement for any additional language. I have some amendments here that are delivered to the Chairman; they have Committee on Ways and Means on both of them and they are not the Committee's amendments. I believe they are Mr. Price's amendments and I do not wish to talk about any amendments to this bill unless the Committee chooses to amend the bill." Mr. Demers then said, "That's the way I brought that to your attention, because some of the utilities have expressed concern that the word "rate" was not in there and now that it is on the record it may have solved that problem."

Mr. Guild then said that he would like this to be the legislative intent, if it is your appetite, to pass this type of legislation to make certain that the word "rate" as he has quoted and suggested to the Committee --actually the word "rate-making" be included on line 10 after the word "allowable." If that is not the case, then he felt that this Commission has on record that any expenses charged the utility are allowable rate-making expenses. Mr. Guild felt that good business practice would dictate that when you are dealing in the realm of businesses the size of utilities, that they should from time to time close the door and allow someone to come in objectively and take a look at their shop. He felt that that is what this bill would do.

In answer to a question by Senator Hernstadt, Mr. Guild said that he thought telephone companies were excluded because most utilities are jurisdictional and generally within the State of Nevada whereas when you get into telephone, railroad and airline companies, you are talking about jurisdictions which are beyond the State and beyond other states; more interstate rather than intrastate. He had no other reason for them being excluded from the bill.

J. L. Gremban, President, Sierra Pacific Power Company, testified that as a utility, they are not opposed to management studies. He felt strongly that they can serve a useful purpose if conducted properly. However, the cost of a complete management study will run anywhere from $250,000 to $1.5 million, so we are talking about some real sizable expenditures. In all cases it is not justified because they get into areas that there are no problems and shouldn't have any problems, and yet the review will cover those particular phases of the operation. He said that Sierra Pacific Power is well aware that there are many consultants who hold themselves

out as experts in management surveys and they are very concerned that they have the opportunity to pick companies or firms that are experts in their specific field. Some are experts in engineering, accounting and some in rates and consequently we suggested and it was agreed during the previous hearing before the Assembly that both the Commission and the public utilities would have the opportunity to recommend firms that they feel are fully qualified and then the utility could choose the firm from that group. It was also felt, in Mr. Gremban's opinion, that if you are going to conduct a management study, and if it is going to be effective, you must have a firm that can work cooperatively with the company. If you should get an antagonistic approach, you are not going to accomplish the intent of the study itself.

Mr. Gremban said that properly handled, this bill can provide a very useful function. (See Exhibit C-1 for amendment proposed by Senator Gibson.) Mr. Gremban said that he had no quarrel with this amendment. He thought that it would be desirable to have such studies as this bill recommends and mandates because too frequently we can't see "the forest for the trees" and to get an independent source--someone who is absolutely independent, not representing the utility and not representing the Commission-- one who can take an objective look at the problem, it could be very helpful.

Larry Hicks, District Attorney, Washoe County and also President of the Nevada State District Attorney's Association, spoke in opposition to AB 29. The problem that he saw with AB 29 is that in effect it allows the public utility, in conjunction with the PSC, to make a list of management consultants who would potentially select someone to make a management survey of the utility. He feels that the public utility is in the position of conducting its own management study; they can obtain any expert they want, and those costs will be passed on to the consumer. He felt that this bill would allow the label of the PSC in with the utility company and then allow the utility to make the choice of who the management consultant would be. It seemed to Mr. Hicks that this would lend them the color of the PSC for a management consultant firm to assess the efficiency of the company, when in fact, they are in the position of picking that management consultant firm. He felt that if a management consultant examination is to be conducted, that it should be conducted by someone who is not answerable to the public utility which is being examined. He said that if it is the rate-payer who is ultimately paying for the cost of the management

survey, that something away from the public utilities should be obtained. He said that he would be in favor of the bill if the PSC solely made the choice. In essence, he said that in his opinion, that the body that makes the selection of the management consultant firm should not be the body which is being examined. He said that he would have no objection to the measure if the choice of consultant firm is left solely to the PSC. He added that he did not see why the telephone company was excluded from the measure.

Stan Warren, representing Nevada Bell, said that the reason the telephone company was removed from the original bill was because in the last Session, AB 275 was introduced as an interim study and when this Session was completed it was decided by ACR 38 who destiny was to study the gas, electric and the Public Service Commission. The telephone companies were not studied in that particular study and AB 29 is a by-product of the results of the study by ACR 38.

He said that the telephone company opposed being included because he felt the situation was a little different than with the other utilities in that they find themselves in a different situation -- one of competition with unregulated equipment providers and unregulated long distance carriers with whom they are competing. The mission of AB 29 was to have auditors come in whose expense would be taken against the rate base. The telephone company is confronted with the situation that whether one pays for it out of one or another pocket, it finally is going to flow through to the rates or consumer. At this time the telephone companies are losing competition because of the rates themselves. He felt that because they were not studied during the interim; the fact that they are competing today; and, the fact that they have unregulated providers and long distant carriers and also whenever they do apply to the Commission for rate relief there is a complete audit made--there are ongoing examinations by the Commisssion on a random basis as to the efficiency of the company; the Tax Commission continually watches their tax results (sales and use tax matters); the Commission and the FCC, every three years, study the telephone company on depreciation audits; there are numerous internal controls that are reported to the Commission; as well as they have employed the management by objective technique within the company. He thought if the telephone company was included, it placed them in an unfavorable position of being unable to compete with unregulated competition. Excluding long distance, we are in competition with everything else.

Mr. George Vargas testified that the amendment which was proposed by Senator Gibson was drawn partly by Mr. Vargas's office and partly by Richard Campbell, Bob Marshall representing Anaconda, Duvall and Eagle Pitcher and other industries within Northern Nevada. Mr. Marshall told him that there was an order of the PSC last year which resulted in 23 industrial users in the Sierra Pacific Power system were required to pay, strictly as a subsidy for other users, on a proforma basis if the rate of return had been actually earned the amount of approximately $997,000, in addition and over their cost of service. Because the Sierra Pacific Power Company did not actually receive that rate of return, the actually subsidy put on these users was $482,000. There was a recent order of the PSC in Docet 906, which was spelled out, and this would result in excess revenues recovered from these 23 users of a proforma amount of $1,420,000. Whether this is the actual dollar amount that they will pay as a subsidy, he didn't know, but he was told it would be if the power company actually gets the agreed rate of return. The point he was making is that Anaconda Copper is probably the biggest user of power of the Sierra Pacific Power Company and they are a very marginal operation today. If this situation continues, it may be that the increasing load that Anaconda carries will put them out of business. This would put about 600 people out of work in the Yerington area.

Mr. Vargas continued by saying that this amendment (Exhibit C-2) has the approval of the State Mining Association, the Basic Industries of Henderson, Nevada, Anaconda and Kennecott. He felt this was a forward looking program to try and slow down the trend of flat rating which could be too much of a burden eventually to our industries. (See Exhibit C-3 also.)

Assemblyman Danny Demers was the next to testify. He said that he chaired the interim study committee on Public Service Commission and Utilities and AB 29 is a recommendation of that interim committee. He said that very simply it will provide a vehicle whereby the utilities and the PSC can agree to management audits, which are important to keep the cost of rate increases from going up too drastically. He added that the subcommittee had only been charged with looking at electric and gas utilities and the PSC recommended that cable TV and water be placed in the bill. The PSC said that telephone companies were outside the scope of the study.

Noel Clark stated that the PSC for the last three years has been moving in the direction of leveling all utility rates as nearly and as fast as they could. The believe that each unit of energy under the increased cost of gas, oil and coal are becoming a major portion of the expenses of the public utility and, therefore, have changed the rational for pricing of utility rates. In the event that the present rate structure is destroyed by virtue of cost of service studies in lieu in value of service, the residential consumers' rates will jump and he would not even guess as to what they would be. He was in opposition to the amendment because he believed it did not fit in this particular bill and it would destroy the concept of the measure. He also added that if this amendment were put into the bill, such measures as "life line" for the senior citizens and indegent would be against the law. The cost of service has historically placed commercial and industrial rates at a substantially lower levels than residential rates.

There being no further testimony on AB 29, the Committee proceeded to hear testimony on AB 590.

AB 590 REGULATES PRACTICE OF SOCIAL WORK.

Marcia Stapleton, Legislative Co-chairman of the Nevada Chapter of the National Association of Social Workers, was the first to testify on AB 590. She spoke on behalf of the following persons: Joe Paradise, Head of Pupil Personnel Services, Stewart Indian School; Ellen Pillard, Administrator, Northern Nevada Mental Retardation Center; Alice Drengson, Head of Child Welfare Service, Intertribal Council of Nevada; Efram Estrada, Chief of Field Operations, Intertribal Council of Nevada; Marge Belknap, Social Worker with a private consulting practice in Reno; Gerry Earl, Social Worker in private practice in Las Vegas; and Michael Stern and Michael Toby who are Social Workers with the Intertribal Council of Nevada.

She called the Committee's attention to Page 2, Section 7, Line 28, which states that expenses of the Board and its members shall be paid out of the funds derived from fees paid to the Board under the provisions of this Chapter and no part thereof may be paid from the General Fund. She also referred to Page 5, Section 26, in which at Line 19, states that public employees are exempted from the provisions of this bill.

She stated that social workers deal directly and continuously with people and the social forces affecting their lives. The purpose of the profession of social

work is to change, improve or restore a person's capacity for social, emotional, physical or economic functioning. (For complete text of her testimony, see Exhibit D.) She completed her testimony by saying that "Now, more than ever, as our society becomes more complex, this profession (social workers) needs to be clearly and legally defined to insure the people of Nevada experienced and competent service." She then passed out copies of letters from people supporting the bill and also copies of "Other abuses." (See Exhibits E and F.)

Clifford Alexander, Professor of Social Work, UNLV, was the next to speak. He stated that he was in full support of AB 590 and hopefully can answer any questions the Committee might have for and against. He added that there are several persons practicing the delivery of services all over this country and quite a few in Nevada who have not had the core school training necessary to deliver services called social services to people. Social workers have the same core structure as doctors, nurses or lawyers. All bordering states have licensing bills for social workers, thereby creating a strong structure for eliminating malpractice and negligence in the field of social services. There is a need in Nevada to have some controlling mechanism over those persons who practice the delivery of services to people. He distributed "Standards for the Regulation of Social Work Practice" and "State Comparison of Laws Regulating Social Work, July, 1976" (See Exhibits G and H.)

There being no further testimony on AB 590, the Committee then had hearing on AB 564.

AB 564 REDUCES AGE REQUIREMENT FOR BAIL AGENTS AND SOLICITORS.

Assemblyman James Banner spoke on AB 564, stating that it is a cleanup bill. It proposes to reduce the age from 21 to 18 for those people who work as a bail bondsman. It doesn't change the qualification or anything else, but since the age of majority has been changed to 18 the bill changes the age for this industry.

AB 428 ALLOWS GASOLINE WHOLESALER AND SERVICE STATION OPERATOR FREEDOM TO SELECT CUSTOMERS AND VARY PRICES OF PRODUCTS.

Clair Hacock testified that they were trying to equate the price that a dealer would pay to the price a distributor would pay. Assemblyman Hayes had informed Mr. Vargas that this was not the legislative intent but rather the intent was to equalize dealers to dealers

and distributors to distributors. Mr. Hacock wanted to make sure that this was part of the intent. If that is the intent it did not affect Mr. Hacock, however, on a greater basis he said that he felt we are committed in the nation and in the State of Nevada to a free enterprise system and he thinks this system is best served by competition. He said that in his opinion part of the chaos at this time is caused by regulation. He felt that we cannot assume to regulate basic industry with legislation where competition would regulate it better. He added that this particular bill, as far as he was concerned, could not be implemented at this time because of the Federal Energy Administration regulation which requires certain pricing based on a time period of May 15, 1973. He suggested that the Committee not stiffle competition in industry with regulation.

AB 602 REQUIRES PUBLIC SERVICE COMMISSION TO PAY CERTAIN SUBSIDIES TO COUNTIES WHICH CONTEST PUBLIC UTILITY RATE INCREASES.

Larry Hicks, District Attorney, Washoe County was the first to testify on AB 602. He stated that the State District Attorney's Association supported AB 602 and also by a specific resolution from the Washoe County Commissioners. He conveyed from the Washoe County Commission has resolved that this is a good bill. In regard to AB 602, essentially it is designed to provide for representation of the customer or the rate-payer before the Public Service Commission. He felt that Mr. Murphy had outlined this in his testimony earlier in the day.

He said that with the rapid increase with utility rates over the recent years (since January 1975 there has been roughly $80 million in increased utility rates passed on to customers and rate-payers in the service areas within the State of Nevada). He further stated that at the present time, the public utilities throughout the State are applying for roughly $50 million a year in increased rates.

In the proceedings before the PSC, these particular rates are paid by the rate-payer and he has not been represented and what the bill proposes to do is to provide for his representation through county government. He proposed that the words "good faith" be placed into the bill. He also suggested that if the public utility undergoes a worthless expense they can still go before the PSC and get reimbursement. He felt there should be a limit on this.

He said that he did not feel as strongly about lines 9 and 10 on page 1 as he did about the rest of the bill.

He commented that in the inequities where the rate-payer has not been represented, it is just not the PSC hearing, it is also in the added areas of the presentation of evidence on behalf of the rate-payer, and over 80% of Sierra Pacific Power's users in the northern part of the State are residential, small business or small commercial users. These people, individually cannot afford to go in and present any type of opposition.

Mr. Hicks said that the Appellate issue is a particularly important part of the law because it points out another lack of representation for the rate payer in the State of Nevada, in that if the PSC should issue an order which is wrong there is no one to appeal it on behalf of the rate-payer at this time. The PSC cannot appeal its own ruling. Most interveners do not have the capital to afford counsel, as 80% of the utility users are residential and small commercial. With this bill, the political subdivision would be there to represent the small user.

Tom Moore, representing the Clark County Commissioners and the District Attorney's Office of Clark County, was the next to testify. He stated that they would like the record to reflect that they are in favor of AB 602.

Noel Clark, Chairman of the Nevada Public Service Commission commented that under peculiar circumstances he would be appearing in favor of the bill and Mr. Heber Hardy would be appearing in opposition to it.

He said that first he does not subscribe to the theory of the bill, however, as a compromise, he is confident that in this Session or the next Session of the Legislature that consumer counsel could become a reality. He said that this bill would be a lot cheaper and a lot easier for the Commission to work with. The cost of consumer counsel will be at least double to what the cost of this measure will mean.

He added that there were two areas in the bill which he would like to see amended as follows:

1. Page 1, lines 9 and 10, as proposed by Mr. Murphy earlier in the meeting.

2. Page 3, lines 25 through 28 would make this retro-active. He believed that this should be taken out and follow routine procedures.

Senate

In regards to the "surplus monies" that the Commission has at this time, Mr. Clark said that it is very difficult to explain the number of dollars which is in that revolving fund because they are using out of that fund constantly and the amount of money that the Commission is authorized to spend is involved in that fund.

In conclusion Mr. Clark said that the cities and counties have always been of great assistance to the PSC and he contemplates that they will continue to do so in the future.

Heber Hardy, a member of the Public Service Commission, was the next to testify. He appeared in opposition to AB 602.

He does not believe that there is any criteria for the Commission to determine whether the adequacy or the appropriateness of the presentation. He felt this was one of the major problems with the bill. If the Board of Examiners denies the claim then what recourse would the county or city have. He did not believe that it was spelled out in this bill as to whether the Board of Examiners has discretion or whether they are under an absolute obligation to pay the bill, if presented. Another question he had about the bill was whether the county had the obligation on the request of any consumer or group of consumers to intervene or would the county have absolute discretion.

He was in absolute opposition to the bill because he said there were too many questions throughout the measure which did not clarify the intent. He also did not believe that there was any need to raid the treasury of the PSC for special interests even if it is a political entity.

Joe Gremban, President of Sierra Pacific Power Company, testified in opposition to AB 602. (See Exhibit I for written testimony.)

He stated that Sierra Pacific Power does not have a rate case on file at the present time.

Clark Guild, representing South West Gas, stated that his Corporation is opposed to AB 602 for reasons testified to by both Mr. Hardy and Mr. Gremban.

Howard Wynn, representing the Nevada Mining Association, testified that the idea of a local government protecting its citizens before regulatory agencies is a good one

and generally is wholeheartedly supported by the Mining Association. We need all the protection we can get. However, they have serious doubts about this measure (AB 602) because of the methods and its effectiveness. They believe that the proposal sets up funds available for counties which may be called forth without any control exercised except exhaustion of the funds. They predict that under the proposal, every action to increase rates before the PSC will incur intervention by some users or some consumers. This action will be semiautomatic without consideration of chances of success, of cost or of merit.

The PSC today automatically is the advisary to any rate increase. It can request and get any information it deems pertinent to the case and it should be the consumer representative if it is properly doing its job. This proposal will add a second layer of adversary action to the proceedings, both of which are trying to accomplish the same things--that is, keeping utility rates in compliance with State law. It does not seem that this two layer system is appropriate or necessary. It probably would not be productive. What it will do, is give a group of bounty hunters a license and a platform to expose a myriad of controversial theories concerning utility rates.

Secondly, we do not know how a county will decide which consumers it will represent at proceedings. All consumers do not have the same desires. In conclusion he said that the basis of the bill is a good idea but that the structure on top is not sound.

Carl Soderblum, representing the Nevada Railroad Association, spoke in opposition to AB 602 for the same reasons as the previous testimonies. He added that if a "thing is not broke, don't fix it" and he thinks this is the case with the PSC.

Bob Alkire, representing Kennecott, appeared in opposition to the measure. He felt this was another bill which troubles him in its philosophy in that it says to him, as a layman, that the defendent/consumer will pay all of the costs for the plantiff/consumer, win, lose or draw, and he feels that is objectionable.

Tom Case, representing Central Telephone Company, said that he concurred with the previous opponents of AB 602.

Senate

Stan Warren, Nevada Bell, testified that he was also in concurrence with the opponents of AB 602.

The hearings were then closed on AB 602.

AB 628 EXCLUDES HELICOPTERS USED ON CONSTRUCTION PROJECTS FROM REGULATION AS PUBLIC UTILITIES.

Assemblyman Paul May, District 19, Clark County, speaking on behalf of the Assembly Transportation Committee, said that this measure originated from a friend of his in Clark County who has helicopters that they use on construction work. He had indicated to Mr. May that he would like to be able to bid at a flat anticipated fee for construction work such as crane operators. Because he falls under the PSC rules and regulations, he is prohibited from making a flat, fixed bid.

Noel Clark and Heber Hardy, PSC, stated that they were in favor of a study, however, were not opposed to the bill.

AB 344 CHANGES QUALIFICATIONS FOR BOARDS OF DIRECTORS OF MEDICAL SERVICE CORPORATIONS.

Jim Watams, representing the Insurance Commissioners Office, stated that basically AB 344 does two things:

1. It provides that the non-profit service corporations (Blue Cross, Blue Shield) will have some consumer participation on their Boards of Directors. This would reduce the influence by eliminating the majority requirement for the physicians, hospitals or dentists.

2. It repeals another section of the law (a statutory grant of a monopoly to the first particular organization that comes into the State) which mandates the requirement with all the licensed hospitals doctors or dentist.

They feel that it is a very beneficial bill and that it would stimulate some competition in this area.

AB 427 PROVIDES NEW TERMINOLOGY AND DEFINITIONS FOR PETROLEUM PRODUCT FRANCHISES

and

AB 428 ALLOWS GASOLINE WHOLESALER AND SERVICE STATION OPERATOR FREEDOM TO SELECT CUSTOMERS AND VARY PRICES OF PRODUCTS.

John Gladhill, representing Southern Nevada Service Station Association, was the first to testify.

Senate

Mr. Gladhill stated that the reason for AB 427 is to make our present franchise law more specific in the terms and clarification of the definitions. As dealers they have problems with the major oil companies terminating their leases and non-renewal of leases and do not have an independent arbitrator such as a court to decide whether or not the major oil companies have just cause for termination or non-renewal of leases.

They also feel that they need this bill to help them in case of a termination or non-renewal they can receive a fair price for business they have built up over the years. (See Exhibit J.) for proposed amendments.)

He had no comments on AB 428.

Mr. Gledhill and Mr. Vargas both submitted copies of their lease agreements with the Oil Companies to be made a part of the minutes. (See Exhibits J-1 through J-5.)

Mr. Tom Villestaga, an attorney from Reno was the next to testify. Briefly, he pointed out that the intent of AB 428 is that station operators and wholesale distributors were not to be catagorized together as far as getting the same price. He felt this was ambiguous, but could be easily clarified just by adding another section restating the language separately for station operators and wholesale distributors so that the problem doesn't come up in the future by perhaps a station operator coming in and saying that he is paying a high price than the wholesale distributor and this says that prices should be the same.

Secondly, AB 428 doesn't take into consideration those dealers selling a brand name product and those independent dealers who are not.

As far as AB 427 was concerned, Mr. Villestaga stated that NRS 598.553 provides that a franchise cannot be terminated or cancelled without good cause.

Pete Wooley, President of the Northern Nevada Retroleum Retailers, presented an editorial from the Reno Evening Gazette (see Exhibit K.) which presents the stand of the retailers. He appeared in favor of AB 427 and AB 428.

He felt that in AB 428 the important thing is that there are suppliers who are selling to branded service stations at one price (because of the franchise laws within the United States), however, that same supplier will then sell to an unbranded independent for several cents a gallon less. He did not feel that this was fair.

George Vargas, representing the major oil companies, testified in opposition to AB 427 and AB 428. He commented that with reference to AB 427, the proponents stated that they needed this in order to get a fair price for their business and to make sure that if there was a failure to renew or a cancellation that it had to be with good cause. He said that the present law provides for all of those things. In his opinion, he had heard no support for anything that already was not in the law. In his thinking AB 427 does two things:

1. Brings in consignees which are not covered in the present law.

2. It adds one element of damage if there is a cancellation or failure to renew without cause.

AB 428, according to Mr. Vargas, is "like trying to follow a flea around this Legislature with an elephant net." There were 7 bills put in originally by the dealers. These all boiled down to the proposition that what the dealers wanted was rack pricing which was not in any of these bills. He said that rack pricing is in violation of Federal law and current FDA regulations.

James Tingle, a lawyer representing Chevron Oil Company, said that AB 428, regarding the section where it provides that no supplier may charge service station operators or wholesaler distributors different prices for petroleum products, would have the affect of price fixing. It may be the intention of its author that the wholesaler distributor pay the same prices as the dealers, but the wording of the bill seems to require just that. He felt the bill was poorly written.

The bill would require the same price to all service station dealers throughout the State subject to, only, differences in freight, no matter what the differences might be in different areas. In his opinion, this is anti-competitive. It also provides that one can defend a lower price given to one but another on the basis that it reflects cost savings in dealing with one as compared to the higher cost in dealing with the other customer. It also allows one, in good faith, to meet the equally low price of a competitor. This bill does not permit this. The Supreme Court has ruled that the right to meet competition is the only thing that permits accommodating Robinson Patman which tends to control pricing and prevent price competition.

The bill would also require that prices charged by a

supplier to branded stations which have the benefit of the credit card, have the benefit of training and services, he would have to buy at the same price that the company could charge to a minor brand or private label operator. The private operator involves or reflects far different cost balance. These different prices are good for the economy and the consumer. This bill will not do that.

Richard Hinderman, representing Chevron U.S.A., stated that he did not think that they could ever support legislation that would put our competitor out of business anymore than we support legislation which would restrict his business. If this particular bill passed in the form it is in today we would see the demise of the unbranded dealer. He can't compete if he has to pay the same price as the branded dealer.

He said that service station dealers are not bound to buy only from their supplier. Under Section C of the Clayton act they cannot be required to buy any product exclusively from the supplier.

The Federal Antitrust Laws are fully applicable in Nevada and if any supplier is discriminating in price, the dealer has the right to sue for damages.

He said that they do not object to AB 427, because it doesn't do anything more than they are doing today. However, they do object to AB 428 because it basically requires us to sell our products at a fixed price throughout the State. They feel that their product sold through a branded service station is worth more money. You cannot meet competition if you have to lower your prices statewide.

Mr. George Day, a Shell jobber from Carson City, said that their big problem is the question of not allowing a jobber (wholesale distributor) to buy at a lower price. He felt that if this bill were passed, they would be out of business immediately.

Jack Cashon, a petroleum jobber from Las Vegas, was the next to speak. This bill probably is aiming at a rack price type of relationship. There is only one state which has a rack price bill and that is the State of California. However, because of the present Federal regulations, the bill is ineffectual. All of those in the industry are trying to survive at this time and if they all work together, maybe we can.

Warren Hinkley, President of Western Mountain Oil Company, was the next to testify. He stated that

that they buy unbranded and branded products, they have both unbranded and branded dealers, and they operate unbranded and branded service stations. His only point in mentioning this was that they try to fit the service station and the brand to the marketing conditions to the location of the facility. We are happy to pay different prices for unbranded and branded products. The economics work for them but he thought to try and legislate a level of pricing is not the solution to the problems. There is a place in the market for the unbranded independent and also the market for the branded dealer. He felt this would be legislating against consumer requirements.

Cliff Newman from Reno and owns a service station was the next to speak. It is not anti-competitive, in his opinion for the branded dealers to compete with the unbranded dealers. When we say we would like rack pricing as a way to protect ourselves, we recognize another fact that we will probably have to make some adjustments in our arrangements with branded producers in that we will have to pay for that product being delivered from that rack to our station. He disagreed that under Robinson-Patman prices would be the same throughout the State. He understood that under Robinson-Patman the prices would only be the same under the same circumstances in a given area. All they ask is to be competitive.

Norman Horsely, a Shell jobber from Elko, felt that there needed to be a differential between the jobber and the service station operator, also, in his opinion, there needs to be a differential due to area. He felt if there is not a price split between the two, he is out of business.

Mickey Swain, a Shell dealer, stated he his having to pay more for his gasoline than the independent is selling gasoline for and he cannot see the justification for this. We cannot afford to compete.

The hearings were then closed on AB 427 and 428 as there were no further testimony.

AB 594 CHANGES STATUTORY TERM "WORKINGMEN" TO "EMPLOYEES."

Assemblyman James Banner, testified that the bill came from the bill drafter asking to change the language

from "workingmen" to "employees". This is just a clean up measure.

AB 564 REDUCES AGE REQUIREMENT FOR BAIL AGENTS AND SOLICITORS.

There were no further witnesses on AB 564.

AB 606 CHANGES MAXIMUM AMOUNT OF COMPENSATION WHICH MAY BE USED TO DETERMINE INDUSTRIAL INSURANCE PREMIUMS.

Jack Kenney, Southern Nevada Home Builders, was the first to testify. This bill will not affect any claimant in the terms of the money that the claimant receives or any benefits. This bill speaks only about the money that management, either in the public or private sector, pays into the fund. In his opinion, if Mr. Reiser was working in private industry would get an A+ in terms of the money that he is making in terms of a reserve or surplus. But, he thought that the goal of the NIC has never been established and he felt that if management is paying money into the fund that when it is a monopoly run by the state, is it prudent to make these huge surpluses? Since 1974 our rates have gone up 31%. And, since the last Legislature, the rate in the builders industry on the last $8400 has gone up 66%. It was his contention that the NIC financial statements show that the NIC has an admitted surplus in 1972 at $5.1 million and has increased steadily from that point to $7.6 million, $12.5 million, $15.0 million, and now it is at $11.8 which shows on the books. In actual surplus, he felt that it would show $31+ million. That is a lot of money, and he did not think that its the kind of money that management should be paying into this fund. As of July 1976, there is invested in the market $110 million.

For the record, Mr. Kenney stated that the June 30, 1975 financial statement as published by the accountants, Koefury, Armstrong, Turner and Company for the NIC shows that the $2 million was paid out each year. In the Assembly hearings, Mr. Kenney said that Mr. Reiser said that he was mistaken and he submitted to the Committee at the hearing that he is correct from those figures and he feels there is close to a $2 million error on the books. (For verbatim testimony on Mr. Kenney's description of "actual surplus", see Tape #8 of the Senate Commerce and Labor Committee meeting on April 20, 1977.)

Mr. Kenney concluded by saying that he would like to ask the Committee for a favorable motion as they did in the Assembly to reduce the rate to 15.6, as it was 2 years ago.

Roland Oaks, Associated General Contractors, was the next to speak. He said that he served on a Labor-Management Advisory Committee at NIC for 18 years and we sit through these meetings quite frequently with labor going over the financial and actuarial reports to make certain that the employer's money is being handled properly and to make sure the money is being spent properly. It was his opinion that the State of Nevada is fortunate to have probably the best Commission it has ever had. He felt that Mr. Reiser has done an excellent job and probably better than any public member who has served on the Board.

The base was raised two years ago and if one looks at the cost of living over the years since 1969, one will find that increase was in keeping with the cost of living and that was the basis on which it was increased.

He commented that the reason there is not a package before the Legislature this Session from the Labor Management Committee is because labor and management could not reach an agreement. It was management's position that they would not make a settlement with labor on NIC that would cost the employers any more money. He thought that the present NIC benefit package in the State of Nevada is as good as any in the United States; it is costing the employers money but they are not ashamed for what is being provided injured workmen, but we feel we are paying enough.

He stated that the proposal by the home builders would cost their members an increase of 12% in rates, because the Commission is going to set those rates on what they believe is good business. He thought this was no time to raise the employers' costs. He suggested that if the committee wanted to do anything with AB 606, they increase the base from $24,000 to a sum to take in the account of cost of living. But, to reduce the base and increase the employers' premiums, you will find screams from all of the employers in the State. They have had enough according to Mr. Oaks.

Bob Alkire, Kennecott Copper, was the next to speak. He said that there is a proposed study to be performed during the interim of the NIC (ACR 52) structure, and he believed that rather than make substantial changes in the structure at this time, we should wait until the interim study

to make their suggestions on which should be done on an overall basis.

John Reiser, Chairman, NIC, testified that the NIC was in opposition to AB 606.

Robert Haley, NIC, said that the proponents feel that AB 606 will result in a reduction of premiums. The measure, in fact, will not have any affect on the premiums. It will change the rates, however.

He said that NIC's goal is to set a rate which when multiplied by payroll, will cover the loses incurred during the year. What this bill would do is reduce the size of the payroll which would be reportable to NIC. The loss figure would not change, so in the long run the people will pay the same amount of money.

He added that the other reason they would like to see AB 606 killed is that at the present time the benefits are tied to the average wage and if there is a 10% increase in the average wage, theoretically your loses will go up 10%. At the same time, the reportable payroll will go up 10% so that the rate is not affected by inflation. The rate stays constant. On the other hand, Mr. Haley said, if you cut the 15.6 off, instead of your payroll increasing by 5%, and with everything else staying constant, the next year the rate will have to be increased by 5% because the reportable payroll is increasing at a slower rate than the State average wage.

Jack Kenney, in rebuttal, said that they do not have to raise the rates--NIC can use their surplus. He said that he was in favor of the study, but he felt that this would still leave "a sword hanging over their heads" for a couple of years if this bill is not passed.

Mr. Reiser, stated that if there are any misunderstandings on the financial reports, he would be happy to discuss them with the Committee along with Mr. Kenney and his organization.

The hearing on AB 606 was then closed.

Chairman Wilson distributed an opinion from Frank Daykin, Legislative Counsel on the constitutionality of SB 465, which was made a part of the minutes (see Exhibit M).

Senate

There being no further business, the meeting was adjourned.

Respectfully submitted,

Lyndl L. Payne

Lyndl L. Payne, Secretary

APPROVED BY:

Senator Thomas R. C. Wilson, Chairman

GUEST REGISTER

SENATE COMMERCE & LABOR COMMITTEE

DATE: 4-20-77

THOSE WISHING TO TESTIFY SHOULD IDENTIFY THEMSELVES BEFORE GIVING TESTIMONY.............

NAME (Please Print)	DO YOU WISH TO TESTIFY	BILL NO.	REPRESENTING	PHONE
Dick Edelman			Washoe County DA	
Paul Cohen	Yes	SB 505	REHAB Division	885-4790
Corky Snuck	no	"	Dept of Taxation	
Tom Kruse	Yes	505	Dept of Taxation	
Larry Hicks	Yes	AB 602+29	Washoe DA	
Clifford Alexander	yes	AB 590	NASW	739-3311
Marcia Stapleton	Yes	AB590	Nat. Assoc. of Social Workers	826-5265
Gwendolyn Murphy	✓	ab 602		
David Vargas				
Arthur Senini	Yes	SB 505	Wine & Spirit W. of Nev	747-3399
D. Watson	NO	SB 505	Southern Wine & Spirits & Wine & Spirits of Nev	358-4118
Milos Terzich				
Noel Clark				
Mark Smith				
J. L. Gremban				
Geo Vargas				
Stan Warren				
M. Demers				
Lynn Haycock				
Tom Moore				
Helen Hardy				

GUEST REGISTER

SENATE COMMERCE & LABOR COMMITTEE

DATE: 1-20-77

THOSE WISHING TO TESTIFY SHOULD IDENTIFY THEMSELVES BEFORE GIVING TESTIMONY.....

NAME (Please Print)	DO YOU WISH TO TESTIFY	BILL NO.	REPRESENTING	PHONE
Mr Hynes				
Mr Soderblom				
Bob Alkire				
Tom Cage				
Glashen				
Pete Dooley				
James Jewell				
Shef Lindeman				
George Day				
Jack Carlson				
Warren Fickley				
Cliff Newman				
Leland Oakes				
John Keyes				
Robert Haley				

Exhibit A 2225

SENATE

AGENDA FOR COMMITTEE ON COMMERCE & LABOR

Date Wednesday April 20, 1977 Time 1:30 P.M. Room 213

Bills or Resolutions to be considered	Subject	Counsel requested*
S. B. 505	Increases liquor tax to provide for treatment of alcoholics who are indigent (BDR 40-1752)	
A. B. 448	Provides for payment of interest on certain unpaid insurance benefits (BDR 57-1013)	
A. B. 29	Provides criteria for management rates and examination of public utilities (BDR 58-25)	
A. B. 590	Regulates practice of social work (BDR 54-1388)	
A. B. 602	Requires public service commission to pay certain subsidies to counties which contest public utility rate increases (BDR 58-1245)	
A. B. 628	Excludes helicopters used on construction projects from regulation as public utilities (BDR 58-1531)	
A. B. 344	Changes qualifications for boards of directors of medical service corporations (BDR 57-1015)	
A. B. 427	Provides new terminology and definitions for petroleum product franchises (BDR 52-1005)	
A. B. 428	Allows gasoline wholesaler and service station operator freedom to select customers and vary prices of products. (BDR 52-1387)	
A. B. 594	Changes statutory term "workingmen" to "employees" (BDR 53-1447)	
A. B. 564	Reduces age requirement for bail agents and solicitors (BDR 57-1649)	
A. B. 606	Changes maximum amount of compensation which may be used to determine industrial insurance premiums (BDR 53-1484)	

*Please do not ask for counsel unless necessary.

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A. B. 606	Changes maximum amount of compensation which may be used to determine industrial insurance premiums (BDR 53-1484)	

*Please do not ask for counsel unless necessary.

2227

FISCAL NOTE

BDR 40-1752
A.B. 505
S.B.

at Transmitted April 19, 1977

STATE AGENCY ESTIMATES Date Prepared April 19, 1977

gency Submitting Department of Taxation

Revenue and/or Expense Items	Fiscal Note 1976-77	Fiscal Note 1977-78	Fiscal Note 1978-79	Continuing
Beer @ .10	$ 2,157,845	$ 2,346,657	$ 2,551,989	
Dry Wine @ 35	866,875	942,727	1,025,215	
Sweet Wine @.55	179,541	195,251	212,335	
Liquor @ 2.00	8,813,044	9,584,186	10,422,302	
Total	$12,017,305	$13,068,821	$14,212,341	

Explanation (Use Continuation Sheets If Required)

The above figures represent the total collections after discounts under the proposed legislation. The State Grant and Gift Fund would receive $1,443,951 in 76-77; $1,570,296 in 77-78; and $1,707,698 in 78-79. The counties would receive $2,203,261 in 76-77; $2,396,047 in 77-78; and $2,605,701 in 78-79. The affect on revenue to the counties and the State General Fund would be minimal.

Local Government Impact YES [XX] NO [ ]
(Attach Explanation)

Signature Thomas E. Kruse

Thomas E. Kruse
Title Deputy Executive Director

DEPARTMENT OF ADMINISTRATION COMMENTS Date

Signature

Title

2228

LOCAL GOVERNMENT FISCAL IMPACT
(Legislative Counsel Bureau Use Only) Date

Exhibit R-1

COMPARISON OF REVENUE DISTRIBUTION TO THE LOCAL ENTITES AND THE STATE GENERAL FUND FOR FISCAL YEARS ENDING JUNE 30, 1978 AND 1979

SB505

	1978 AT PRESENT RATES	1978 AT PROPOSED RATES	AMOUNT INCREASE (DECREASE)	1979 AT PRESENT RATES	1979 AT PROPOSED RATES	AMOUNT INCREASE (DECREASE)
To Local Governments	$ 2,396,045	$ 2,396,047	2	$ 2,605,700	$ 2,605,701	1
To State General Fund	9,102,478	9,102,478	-0-	9,898,943	9,898,942	(1)
To State Grant and Gift Fund	-0-	1,570,296			1,707,698	
TOTAL TAXES	$11,498,523	$13,068,821		$12,504,643	$14,212,341	

Exhibit P-2, 2229

ASSEMBLY ACTION	SENATE ACTION	ASSEMBLY / SENATE
Adopted ☐	Adopted ☐	Amendments to
Lost ☐	Lost ☐	Bill / Joint Resolution No. 29 (BDR 58-25)
Date:	Date:	
Initial:	Initial:	
Concurred in ☐	Concurred in ☐	Proposed by Senator Gibson
Not concurred in ☐	Not concurred in ☐	
Date:	Date:	
Initial:	Initial:	

Exhibit C-1

1977 Amendment No. 111

Amend the bill as a whole by adding a new section designated section 5, following section 4, to read as follows:

"Sec. 5. NRS 704.040 is hereby amended to read as follows:

704.040 1. Every public utility [is required to] shall furnish reasonably adequate service and facilities, and the charges made for any service rendered or to be rendered, or for any service in connection therewith or incidental thereto, shall be just and reasonable.

2. Every unjust , [and] unreasonable , discriminatory or preferential rate, fare or charge for service of public utilities is [prohibited and declared to be] unlawful.

3. The rate schedule of any public utility which furnishes electricity or gas and which classified customers or uses primarily according to a load factor shall recover from each class only the direct and allocated costs of service applicable to that class.

4. A rate schedule described in subsection 3 is discriminatory or preferential if the rate of return on investment allocated to any class of customer exceeds by more than 10 percent the rate of return allocated to any other class.".

Amend section 5, page 2, line 17, delete "Sec. 5." and insert: "Sec. 6.".

Amend the bill as a whole by adding a new section designated section 7, following section 6, to read as follows:

"Sec. 7. A rate in effect on the effective date of this act shall not be reduced because of the amendment to NRS 704.040 contained in section 5 of this act."

Exhibit C-2

The following amendment and addition is suggested to A. B. 29:

Add a new Section 5, as follows: NRS 704.040 is hereby amended to read as follows:

704.040 SERVICE, CHARGES OF PUBLIC UTILITIES TO BE JUST AND REASONABLE; UNJUST, UNREASONABLE CHARGES UNLAWFUL.

1. Every public utility is required to furnish reasonably adequate service and facilities, and the charges made for any service rendered or to be rendered, or for any service in connection therewith or incidental thereto, shall be just and reasonable.

2. Every unjust [and], unreasonable, discriminatory or preferential rate, fare or charge for service of public utilities is prohibited and declared to be unlawful.

3. Rate schedules of electric and gas public utilities as between customers classifications or use classifications based primarily on load factor shall recover from each class only direct and allocated costs of service applicable to such class. Such rate schedules shall be considered discriminatory or preferential if the rate of return from investment allocated to any class of customer exceeds by more than 10% the rate of return from any other class, provided that rates shall not be decreased as a result of the enactment of this Section.

Exhibit C-3

22232

SIERRA PACIFIC POWER COMPANY
Electric Nevada Jurisdictional
Rates of Return Earned Under Adjustments Approved by PSC in Docket #906
And Rate Increases Needed to Equalize Rate of Return for All Classes

Line No.		Total Nevada Jurisdictional	Large Lt. & Pr. LPS-1 Customers	All Other Rate Classes
	Rate of Return Earned on Assigned Rate Base Taking Into Account Pro Forma Adjustments Approved by PSC in Order of March 14, 1977 in Docket #906			
1	Pre #906 Rates	7.08%	8.28%	6.92%
2	Rates Approved by PSC in #906	9.52	13.06	9.03
	Rate Increase Approved by PSC #906			
3	Amount - Dollars	$8,007,000	$1,914,000	$6,093,000
4	Percent Increase	10.71%	14.17%	9.95%
	Increase or (Decrease) Needed to Equalize Rate of Return for all Classes of Customers			
	1. With Pre #906 Rates			
5	Pre #906 Rate of Return	7.08%	7.08%	7.08%
6	Additional Revenues (Reduction)	-0-	$(482,000)	$482,000
7	Percent Increase (Decrease)	-0-	(3.35)%	0.79%
	2. With Increased Rates Approved by PSC			
8	Percent Rate of Return	9.52%	9.52%	9.52%
9	Additional Revenues (Reduction)	$8,007,000	$494,000	$7,513,000
10	Percent Increase (Decrease)	10.71%	3.66%	12.27%
	Excess Revenue Recovered From LPS-1 Customers After PSC Decision in Docket #906 Over That Required to Equalize Rate of Return From All Classes			
[redacted]	Amount (Lines 3 minus 9)	[redacted]	$1,420,000	[redacted]

Exhibit D

SOCIAL WORK LICENSING BILL

May I first call to your attention Section 7, Page 2, line 28, which states that "Expenses of the Board and its members shall be paid out of the funds derived from fees paid to the Board under the provisions of this Chapter and no part thereof may be paid from the general fund."

Secondly, I would like to bring Section 26 PAGE 5 to your attention. This section, at line 19 states that public employes are exempted from the provisions of this Bill.

Social Workers deal directly and continuously with people and the social forces affecting their lives. The purpose of the profession of social work is to change, improve or restore a person's capacity for social, emotional, economic or physical functioning. The settings in which social workers perform are quite diverse - from program for child abuse, to nursing homes, family and community agencies, hospitals, juvenile facilities and private counseling practices to name a few in Nevada.

Social workers' special and close involvement with the lives of the people of this State necessitates the setting and maintaining of specific requirements for people calling themselves social workers - so as to guarantee to the consumers of social work services a basic level of education, experience and competence in the person helping him deal with complex problems.

Consumers of social work services come from all walks of life - from a couple wanting to adopt a child, to an adolescent girl at the Home of the Good Shepherd in Las Vegas getting help with problem behavior. Private nursing homes are required by the Federal

Government to provide social work services to patients and their families as they try to deal with the serious social effects of chronic illnesses. General practitioners and psychiatrists hire medical and psychiatric social workers to help their patients cope with the social and emotional problems caused by thier illnesses. The Catholic Church staffs its Welfare Bureau with social workers and the Mormon Church has a long tradition of hiring professional social workers to run their LDS CHURCH UNIFIED SOCIAL SERVICES.

There are several levels of competence and experience within the profession of social work and this Bill in Section 12, Page 3, line 17, provides for four levels of licensing. Initially, there is a grandfather clause; Section ~~28~~ 29, Page 6, line ~~10~~ 14 in effect for one year, waiving examination and academic requirements for those people who have been doing social work in this State for at least one year. The beginning level of practice is the "social work associate", defined in Section 12, Page 3, line 17. This is a person with a degree in a field related to social work and one year's experience in social work. The second level requires that a person have a bachelors degree with a major in social services from an undergraduate program accredited by the Council on Social Work Education. There are such programs at at both UNLV and UNR. There are also 190 programs across the country providing this training. The other two levels require that a person have a Masters Degree in Social Work (MSW) which requires two years of training beyond the bachelors degree and involves extensive on the job experience and supervision. The levels differ, in that in the fourth, the person must have two more years of supervised experience after the MSW and is then allowed to practice independently - to set-up a private

consulting business for example. This conforms with the standards of NASW.

In January, 1978, the UNLV is going to establish the first graduate school of social work in this State. This will provide access to both the third and fourth levels of licensing for those already doing social work in Nevada. It will also attract more social workers to the State, and as the program matures, produce more social workers to the State to serve our growing population and to deal with our concurrently growing social problems. We urgently need a legal method of insuring to the people of Nevada that those representing themselves as social workers are qualified to do so.

Much of the social work done in Nevada, as you are probably aware, is done in the public sector. However, we recognize administrative and organizational realities in this State and recommend exempting social workers in the public sector. We do know that many of these people will participate voluntarily in this licensing program. Currently, those social workers required by this bill to be licensed would number about 65. However, with the enthusiastic response we have gotten to this Bill across the State, I would estimate that 150 - 200 people would be licensed during the first year. Many people in the public sector assure us that they want to have an independent assessment of their competence and experience and licensing would give them this.

Currently, psychologists and marriage and family counselors are licensed by this State. Social workers are licensed by Bills similar to this one in 20 states, including four with proximity to Nevada - Utah, Colorado, California and Idaho. People who can either

not acquire a license as a psychologist or as a marriage and family counselor in Nevada, or those who have failed the social work licensing process in the surrounding states can easily come here and advertise themselves as social workers and there is nothing the profession can do to control this.

There are growing number of private insurance companies who will pay for the services of social workers in the field of mental health, if they are licensed by the State to practice independently. CHAMPAS, the government health insurance offered to military and retired military personnel and their families, also currently pays for services offered by social workers in private practice. In 1975 CHAMPAS cut out their payment temporarily to marriage and family counselors. In this State, several immediately began to bill CHAMPAS under the title of "Psychiatric Social Worker", although they were not social workers. CHAMPAS administrators eventually saw through this, but social workers had no legal recourse to protect their title or expertiese.

Private nursing homes in Nevada are required by the Federal Government to have a social worker on their staffs, if they are receiving Federal money, which they all are. Some have hired people with some social work background but many have made do with some untrained person from their staffs, whom they have arbitrarily called "social worker." In one situation in Reno that person started off at the nursing home as a chef, was then a nurses aide and is now carrying the title of social worker, without any furhter education or experience. If any of you have had to deal with the serious and sometimes tragic situation of having a loved one with an illness so debilitating as to require nursing home care, I should think that you would want someone with

training and skill in understanding the strains that chronic illness places on a family and its resources and not someone designated "social worker" for conveniece sake.

The continuing education requirement for maintaining this license will also provide a guarantee to the public that those people calling themselves social workers have at least minimally kept up with the exploding knowledge in the entire field of human behavior. Hopefully, this knowledge will then be translated into better understanding and service in dealing with the problems of the people of this State.

One of the problems we face is that, to many in this State, "social worker" is a very vague title. However, for more than 60 years there have been graduate programs across the country that require two years of professional training beyond the bachelor's degree to learn the skills necessary to solve problems occuring when people interact with their environment. Now, more than ever, as our society becomes more complex, this profession needs to be clearly and legally defined to insure to the people of Nevada experienced and competent service.

Marcia Stapleton, MSW

[redacted]TIONAL ASSOCIATION OF SOCIAL WORKERS, INC.
1425 H St., N.W., Suite 600, Washington, D.C. 20005 (202) 628-6800

Exhibit E

April 1, 1977

Assemblyman Lonnie Cheney
Chairman
Assembly Health and Welfare Committee
Carson City, Nevada 89701

Dear Assemblyman Cheney:

The National Association of Social Workers (NASW), representing 75,000 trained professional social workers, both compliments you and supports the passage of AB 590 which will establish important legal regulations for the protection of consumer interests.

Twenty States now have legal regulation of social work practice in order to guarantee that the public will receive quality service with those personal and social problems which have such a great impact on individuals and their families. An additional twenty-five States now are moving to complete legal regulation of social work practice with the same forward step that is now being taken in Nevada.

We hope you will continue your significant influence in obtaining the passage of AB 590 in order to guarantee the provision of the most efficient and economical services.

If the NASW National Office, in conjunction with its Nevada State Chapter can provide additional information or consultation, we would be pleased to do so.

Sincerely,

Chauncey A. Alexander

Chauncey A. Alexander, ACSW, CAE
Executive Director

CAA:emm

2238

UNIVERSITY OF NEVADA
RENO

DEPARTMENT OF SOCIAL SERVICES
AND CORRECTIONS
ROOM 315, MSS
RENO CAMPUS 89557

April 1, 1977

Assemblyman Lonnie Cheney
Chairman of The Assembly Health
& Welfare Committee
Nevada State Assembly
Carson City, Nevada 89701

Dear Assemblyman Cheney:

I am writing on behalf of the Department of Social Services and Corrections at the University of Nevada, Reno. We would like to express our support for the Social Work Licensure Bill #AB590. It is our feeling that licensure is in the best interest of the public being served by social workers in the State of Nevada.

Sincerely,

Barbara W. Larsen, Chairperson
Department of Social Services & Corrections

BWL:ks

2239

NEVADA PSYCHIATRIC ASSOCIATION

[redacted]
EDWARD QUASS, M.D.
PRESIDENT
1700 E. DESERT INN ROAD
LAS VEGAS, NEVADA 89109
TEL. (702) 734-9786

THOMAS R. STAPLETON, M.D.
SECRETARY-TREASURER
647 N. ARLINGTON AVENUE
RENO, NEVADA 89503
TEL. (702) 786-1826

April 1, 1977

Assemblyman Lonnie Cheney
Chairman of Assembly Health & Welfare
Nevada State Aseembly
Carson City, Nevada 89107

Re: AB 590

Dear Assemblyman Cheney:

The Nevada Psychiatric Association would like to recommend passage of AB 590, the Social Worker's Licensing Bill. This Bill would give statutory recognition in Nevada to a profession which is widely respected throughout the nation and it would give the consumer some assurance that person's held out to them as "Social Workers" did meet certain requirements with regard to training and experience.

Sincerely,

R. Edward Quass, M.D.
President

REQ/jh

2240

United States Department of the Interior
BUREAU OF INDIAN AFFAIRS
STEWART BOARDING SCHOOL
Stewart, Nevada 89437

IN REPLY REFER TO:

April 4, 1977

Assemblyman Mr. Lonni Cheney
Chairman, Health & Welfare Committee
Nevada State Assembly
Carson City, Nevada 89701

Re: AB 590

Dear Sir:

Your support of AB 590 is being requested because you and I have an opportunity to meet our responsibility to those persons whose well being has been entrusted to us by reason of our professions and our offices. The many facets of Social Work seriously affect not only the lives of our constituents and clients, but also our loved ones and even ourselves. The personal-social problems resulting from physical illness, death, adoption, child abuse, schooling, crime, old age, unemployment, accidents, natural disasters, divorce, mental illness, economic crisis, drug abuse, divorce, etc. have a profound influence on the lives of the persons affected and reaches over into the lives of persons close to them.

Our primary concern is the physical, emotional, social, mental well being of people. However, pragmatically, the defeat or passage of AB 590 translates into dollars wasted or dollars saved in terms of state and county budgets and programs. Therefore, it behooves us to support a Bill which will serve all persons in society by promoting a higher standard of needed human services while protecting and promoting the economic status of our community. AB 590 will do much to protect all persons in our state from unscrupulous, incompetent, and harmful frauds vicimizing an uninformed and unprotected public. By providing responsible, skilled Social Work practioners, AB 590 will be enhancing the services delivered by allied professions that collaborate with Social Work; such as Psychiatrist, Psychologist, Medical Professionals, Courts, public and private agencies.

Social Work is the one segment of the Human Behavioral services that is completely without regulation in our state. AB 590 will be a necessary means to correct this deficiency.

Personally I have lived in Clark County for five years and in Carson County for five years. My professional duties have taken me throughout the state. It is my professional judgement that AB 590 is urgently needed to serve and protect the people of our state and it will prove to be in the best interest of our entire state.

Therefore, professionally and as a resident of Nevada I completely endorse AB 590 and urge you to consider the merits this Bill and I do hope you will promote passage of AB 590.

Sincerely yours,

Joseph J. Paradise, M.Ed., M.S
Supervisory Social Worker
Director Pupil Personnel Servi

WASHOE MEDICAL CENTER

77 PRINGLE WAY • RENO, NEVADA 89502 • 785-4100/CODE 702
TELEX NO. 354454 (WSHOMEDCTR RNO)

Over One Hundred Years of Community Service

5 April 1977

Honorable Lonnie Chaney
Chairman, Assembly Committee on Health and Welfare
Nevada Legislature Building
Carson City, Nevada 89701

Dear Assemblyman Chaney:

The undersigned members of the Department of Medical Social Services at Washoe Medical Center are expressing our support of A.B. 590 with this letter. We feel licensure of persons engaged in social work practice is essential to insure the continuance of a high quality of care for our clients.

As you will note, we are employees of a public institution, and we see no reason why public employees should be excempted from licensure. If licensure is available, we feel we must be part of that process as factual evidence of our ongoing committment to excellence in service to our clients.

Sincerely,

Michael J. Hoover
Michael J. Hoover, Director
Medical Social Services

James W. Moser
James W. Moser, M.S.W.
Medical Social Services

Betsy Lane
Medical Social Services

Colleen Crane
Medical Social Services

2243

Nevada Nurses' Association

3660 Baker Lane Reno, Nevada 89509 (702) 825-3555

April 5, 1977

STATEMENT OF SUPPORT - REGULATING PRACTICE OF SOCIAL WORK

Licensing professional persons is a positive method of showing that the licensing boards recognize competent people in implementing necessary services.

A consumer of needed services must have the protection of these professional regulatory boards.

Sincerely,

Janet L. Zintek

Janet L. Zintek,
President
NEVADA NURSES' ASSOCIATION

560 MILL STREET
RENO, NEVADA 89502

E O'CALLAGHAN
GOVERNOR

TELEPHONE 784-6425, 784-6426

April 4, 1977

Assemblyman Lonie Chaney
Legislative Building
Carson City, NV 89701

Dear Assemblyman Chaney:

This letter is in support of A.B. 495. I am a social worker, and I am concerned that at the present time there is no regulatory provisions or consumer protection in Nevada. Your bill, I feel, will allow for protection and upgrading the practice of social workers.

Thank you for your efforts.

Sincerely,

Ray J. Howard, A.C.S.W.
Program Director, Adult Unit
Reno Mental Health Center

RJH:dmm

RSVP

RETIRED SENIOR VOLUNTEER PROGRAM

4600 KIETZKE LANE • SUITE A 106 • RENO, NEVADA 89502 • (702) 784-4071

April 4, 1977

Loni Chaney, Chairman
Assembly Health & Welfare Committee
Nevada State Legislature
Carson City NV 89701

Re: AB 590

Dear Assemblyman Chaney:

As a practicing baccalaureate social worker, I am highly interested in the passage of AB 590 which would regulate the practice of social work in Nevada.

I am at present the Project Director of the Washoe Retired Senior Volunteer Program under local sponsorship of the State of Nevada Division of Mental Hygiene & Mental Retardation. Our prime purpose is to utilize often-long-dormant skills and expertise of seniors, 60 years old and better, in volunteer service to our community; last year, 250 older adults worked in over 50 agencies and programs serving more than 63,000 hours of service. As in other aging social service programs, we also are highly involved with information and referral to seniors and advocacy for improved services to meet the increasing needs of our older population, which is also increasing.

Although I am not as involved with Skilled Nursing Facilities and other group-care homes now as when I was employed by the Welfare Division, this particular area of concern comes to mind in thinking of social work regulation. I had observed at that time employment of Activities Directors or Recreation people in the guise of a Social Worker in order to meet the federal regulations regarding Medicare and/or Medicaid requirements for vendor payments. These people may have had very good intentions, but I sincerely felt they were not qualified to perform as a social work professional. The ultimate loser, therefore, was the older resident of a nursing home. I hope this employment practice has lessened in our area; but with the wages known to be paid in care facilities, I doubt it.

Social work regulation is also a prime area of concern for the National Association of Social Workers, of which I am a member. NASW has cited many "horror" stories of misrepresentation, and again, poor service to clients. This, in turn, makes it more difficult for qualified social workers to perform the community service they were educated to do.

In addition, I would also like to express my appreciation for your introduction of the Family Planning legislation which would require this education in our

middle schools as well as the high-school level. As a parent of a teen-aged daughter, I can only see this education as a preventative measure that could help some children avoid the need for VD treatment or, worse, abortion. Thank you for your concern.

If you have any questions regarding my view on social work legislation, please feel free to call me at 784-4071. I appreciate your consideration.

Sincerely,

Jeri A. Dell

Jeri A. Dell
Project Director

STATE OF NEVADA
DEPARTMENT OF HUMAN RESOURCES
RURAL CLINICS
ADMINISTRATIVE OFFICES
4600 KIETZKE PLAZA, SUITE 104
RENO, NEVADA 89502
(702) 784-6417

E O'CALLAGHAN
GOVERNOR

ROGER GLOVER, MSW
CLINIC ADMINISTRATOR

April 4, 1977

Lonie Chaney, Chairman
Committee on Health and Welfare
Nevada State Legislature
Carson City, Nevada 89710

Dear Mr. Chaney:

I am writing in support of Assembly Bill 590 regarding the regulation of the practice of Social Work. For a number of years, the Profession of Social Work has been concerned with upgrading the services that members of the profession provide to the public. Assembly Bill 590 represents the efforts of social workers here in Nevada to upgrade and regulate the profession in accordance with standards set by the National Association of Social Workers.

As a Professional Social Worker and Administrator of a State of Nevada Mental Health Program, I support Assembly Bill 590 with one exception. The State of Nevada, through its personnel and supervisory systems, regulates the activity of its social work employees. I therefore believe that public employees should be exempt from the requirements of this act and should not be subject to licensure and its associated fees.

These requirements would impose a significant financial burden on State employees, as well as making it practically impossible for the State to hire Social Workers as continued employment would be dependent on passing the exams. It is my understanding that Assembly Bill 590 is to be ammended to exempt public employees. Should this happen, I believe that the best interests of the people of the State of Nevada are served by passage of this legislation.

Sincerely,

Roger Glover

Roger Glover, MSW
Clinic Director

RG:lt

2248

VETERANS ADMINISTRATION
HOSPITAL
1000 LOCUST STREET
RENO, NEVADA 89502

April 1, 1977

IN REPLY REFER TO: 654/122

Honorable Lonnie Cheney
Chairman Nevada Assembly
Health & Welfare Committee
Carson City, NV 89701

Re: Bill AB-590

Dear Mr. Cheney:

I am writing to support AB-590 in the State of Nevada. Even though the Veterans Administration Agency will not be directly affected, a bill licensing social workers in the private sector would provide consumer protection for the residents in this state. The clients served as consumers would also provide an impetus for set standards in the practice of professional social work in the State of Nevada.

I urge you to support AB-590.

Sincerely yours,

Patricia A Edwards

PATRICIA A. EDWARDS, M.S.W.
Chief, Social Work Service

Show veteran's full name, VA file number, and social security number on all correspondence.

2249

TORREY PINES

CARE CENTER

April 4, 1977

The Honorable Lonnie Chaney
Chairman, Health and Welfare Committee
Nevada State Legislature
Carson City, Nevada

Dear Mr. Chaney:

Your strong support for AB590 would, in my judgment, be in the best interest to the people of Nevada.

As a nursing home administrator concerned with the quality of care, I believe this bill would be a positive instrument in seeking that goal. Social workers have a long history of effective involvement in delivery of medical care in university medical centers and private hospitals across the country. Their concern for helping the individual live to the maximal extent of their physical, emotional and social capacity is nowhere more necessary than in the commitment provided by long term care health facilities.

Public legal regulation is essential for any profession to meet its commitment to the public as well as to its members. AB590, when enacted, would define the practice of social work and the competence required for practice based on specific standards for education, tested knowledge, experience, skills and disciplined behavior. The protection for the comsumer of social work services and the mandate for development of continued high standards for the profession itself make the bill well worth passage.

Again, may I urge your support for AB590.

Yours truly,

S. L. Sparks
Administrator

LEADERS IN HEALTH CARE A HILLHAVEN FACILITY

1701 SOUTH TORREY PINES LAS VEGAS, NEVADA 89102 TELEPHONE: (702) 870-1388

Dwain S. Peterson
4505 Maryland Parkway
Las Vegas, Nevada 89154

March 30, 1977

Mr. Lonie Chaney, Assemblyman
Chairman Health and Welfare
Nevada State Legislature
Carson City, Nevada

Dear Mr. Chairman:

Following are some examples of situations that have occurred in which individuals are alleged to have abused their position of social worker. These situations could be better controlled if a social work licensing bill were in effect.

One case demonstrates two issues. A person worked in a state agency with a job title of Psychiatric Social Worker II even though he had a B.A. in a related degree and no formal social work training. He terminated with the state and obtained a city license as a social worker. In practice he was alleged to have used illegal drugs as part of a therapeutic procedure. A bill regulating social work would provide recourse in both the use of the title of social worker and handling the allegations of abuses in private practice.

Two allegations have been heard regarding people in state agencies identified as social workers, but without social work credentials. In one case, a juvenile boy was coerced into homosexual activity by a staff member on several occasions. In another case, a worker coerced several female patients to go to his home for sexual purposes by deceiving them to believe this was the only way they could earn a discharge. These situations should be evaluated by a licensing board for maximum protection of the public.

The bill is designed primarily to regulate social work practice by private agencies or individuals. In Clark County there are at least 12 private agencies that provide a social work service. In addition, there are that many individuals who do private social work practice either part or full time. The public will be benefited by this additional protection against misrepresentation and malpractice.

Sincerely,

Dwain S. Peterson, ACSW
President, NASW

DP/jm

Exhibit F

OTHER ABUSES

1. In an alcoholism treatment program there is a person titled "social worker" who has no education or experience in social work. His responsibilities are vital to the success of the program-- to involve the families of the people in the treatment program in the therapeutic process. Without family understanding and support the rate of recidivism among alcoholics is extremely high. This person called "social worker" has no training in these skills and cannot do the job expected of a social worker.

2. There is a person in private practice in the state, calling himself a "psychiatric social worker" without training in social work, who, in the past, is known to have encouraged his clients to engage with him in very unethical behavior, including the use of illegal drugs and sexual activity.

3. There is a person with no degree or training, calling himself a "social worker" and conducting Gestalt Therapy groups. This type

of therapy, done correctly, deals with very intense feelings and involves many years of training for the therapist to learn how to deal with these very strong emotions. If these feelings are not dealt with correctly, it can be devastating to the group participants.

Standards for the Regulation of Social Work Practice

Exhibit G

Introduction:

The profession of Social Work has come to recognize the validity and the necessity of securing legal regulation of the practice of Social Work in order to ensure that the people and communities served are assured of competent help and to establish a clear public understanding of the profession. In 1964, the National Association of Social Workers initially adopted a policy statement in support of the objective of regulation of Social Work practice, and in 1969, this position was strengthened in a resolution passed by the NASW Delegate Assembly favoring licensure, rather than title protection. That resolution read:

BE IT RESOLVED: That the various combinations of Chapters, working in concert at a state level, be authorized to pursue licensing of Social Work practice within each state, and in each case to do this in consultation with the appropriate staff and volunteer bodies of the national office.

In support and implementation of that policy, NASW units in the 50 states and other jurisdictions have been working to prepare bills and to secure their passage, with continuing success. While these bills have increasingly been based upon the model statute developed by the National Association of Social Workers, it has also become increasingly clear that a more comprehensive statement of policy is needed in order to ensure that the essential elements of sound licensure of professional Social Work practice are identified and are included in the various bills. This policy statement is to provide such a basic policy position, recognizing at the same time that it does not cover all aspects of legal regulation. It is a further elaboration of and supercedes the **Policy Statement on the Legal Regulation of Social Work Practice** adopted by the NASW Board of Directors in June, 1974, and the extended statement of licensing issues, **Policies for a Continuing Effort**, adopted by the Delegate Assembly in 1975.

include

The Need for Licensure.

The provision of Social Work services to people, whether as individuals, in groups or in communities, should require that the practitioners providing such services are prepared to comprehend needs and to have the skills needed to act in ways that will truly help their clients. Social Work services are recognized increasingly as essential to the provision of adequate health and mental health care, as well as to programs of all kinds that attempt to understand and to meet the needs of people. Social workers provide services to virtually every member of the public at some time in their life. They ensure care for infants whose own families are disrupted, they seek to help confused and disturbed youth, they help individuals and families restore their capacity for healthy living, they work with the elderly to protect them from isolation and neglect. Social Workers deal with people at the times in their lives when they are the most vulnerable, the most in need of the understanding and competence assistance that strengthens their own capacities. This degree of knowledge and skill requires a defined educational preparation and experience, as well as a discipline in behavior, that meets and is accountable to professional standards. It is, therefore, in the most fundamental public interest that persons providing Social Work services be properly prepared and be held to publicly defined criteria of qualifications and performance.

include

NASW Policy on Regulatory Provisions.

The National Association of Social Workers reaffirms its conviction that the practice of Social Work and the provision of social servces should be regulated by public law for the protection of the public and to establish minimum standards for those engaged in the provision of Social Work services.

Legislation which is developed by members or units of the NASW must include the certain provisions which enable the law and the subsequent administration of the law to assure consumers of Social Work services that persons licensed under the law have the knowledge and ability to provide the needed service and that such licensed persons can be held to reasonable standards of effectiveness in performance, including ethical behavior. The NASW regards the following provisions as essential elements for the adequate regulation of Social Work practice.

(1) Regulation must be directed to the licensure of practice, rather than to the protection of title only.

It is critical to the consumer that the person who intervenes in his or her life be able to help, regardless of the title used. Social Work must take its place among the professions as a professional practice, not simply an occupational group, and the quality of practice should be the concern of the law, as it is for the consumer. The law should seek to ensure a minimum standard of practice, therefore, in the provision of Social Work services.

(2) Regulation must recognize all levels of practice in the provision of Social Work services which are based on discipline and knowledge of the profession.

The profession of Social Work has developed four distinct levels of professional practice, which are set forth in the NASW statement, **Standards for Social Service Manpower.** Three of these identify entry standards appropriate for legal regulation in the interest of the public:

The Social Worker, requiring the BSW;

The Graduate Social Worker, requiring the MSW; and

The Certified Social Worker, requiring the MSW plus two years of specialized experience as the minimum for independent practice.

It is essential to the profession that the public be afforded a clear, relevant definition of that constitutes professional practice. The growth of state regulation of Social Work has, in fact, followed the course of identifying these three levels of practice. Out of the twenty states in which practice is now regulated, eighteen recognize two or more levels.

It is essential, also, for the continuing upgrading of public social services that the direct service worker be a professional practitioner, adequately trained and already qualified, rather than a person who is desperately trying to learn on the job and haplessly striving to meet needs beyond his skill or understanding.

(3) Regulation must establish criteria for the practice of Social Work on an autonomous or independent basis and on private practice or fee for service basis.

A major development in the profession of Social Work has been the widespread and well-established trend toward the independent and private practice. It is essential to the continued growth of this aspect of the profession that such practice be fully recognized by the public as a responsible, legitimate mode of service. As with other professions, the independent practice of Social Work clearly requires public control and some form of legal recognition of the competence and qualifications of those engaging in it. The primary concern of many current clinical and other independent Social Work practitioners is the legal recognition of their qualifications to practice, which is seen as a prerequisite to their recognition by insurance carriers as the vendors of professional services which can be reimbursed under health and mental health policies. This concern is supported whole-heartedly by NASW, which is active in a number of ways to achieve recognition and acceptance for the independent practice of Social Work. It is important also to note that independent practice denotes both private, self-employed practice by a Social Worker as an individual or in a group practice and autonomous, self-regulated practice by a Social Worker within an agency's auspices.

(4) Legislation for the licensure of Social Work must require that each level or practice, including that of independent practice, have a valid means of objectively assessing the qualifications, knowledge, and competencies of applicants for licensure, in addition to requirements of specific educational attainment.

NASW is firmly committee to the principle that professional competence requires professional education conducted in organized, well-defined educational programs. The assessment of the actual practice competence of the individual, however, does require evidence beyond the attainment of a degree.

The most common form of objective assessment is the use of written examinations, covering the areas of knowledge and technical information appropriate to the several levels of practice. Written examinations, however, are also recognized as having intrinsic limitations, and attempts are being made to devise other forms of objective assessments. The chief thrust of this principle is the recognition that an educational degree is not a sufficient measure of individual competence, especially since it may have been awarded years before and since post-degree experience as a working professional constitutes a learning experience in itself.

(5) Regulation must cover all areas or settings in which Social Work is practiced, including public and voluntary, profit and non-profit auspices.

If the basic justification for legal regulation is the interest of the consumer, there is no justification for limiting the coverage of laws which govern the practice of the profession. In fact, the first and most primary responsibility may be said to be that of protecting the public from unqualified, competent practice by publicly supported services. The practice of Social Work within institutional settings, such as hospitals, does not ensure that the client is afforded the services of practitioners who meet the public and professional standards and, of course, offers no accountability that extends beyond the institution. Legal recognition of Social Work as a profession necessarily involves recognition of professional standards as applied by a public authority and should cover all practitioners of the profession.

(6) Regulatory legislation must require periodic renewal of the license and a requirement for some form of continuing education for those licensed.

In order to be effective in assuring the public of qualified services on the part of licensed Social Workers, it is important that the licensing act provide some form of periodic reassessment or requalification which is based on more than paying a renewal fee. Attendance at university based courses are the usual form of continuing education, but a number of other organized, educational experiences can also be recognized as valid in helping the practitioner maintain or improve professionally.

(7) Legislation regulating Social Work must provide that client-worker communication will be considered confidential, subject to the permission of the client.

The right of the clients of Social Workers to privileged communication with their worker, and to the confidentiality of information about them in 'records' maintained by the professional Social Worker, exists only where established by state law. It is vital that, in preparing bills for the regulation of practice, this aspect be included as a provision of the bill.

(8) Regulation must include authority for holding practitioners accountable for their professional and ethical conduct as a Social Worker.

Since the basic objective which justifies licensing regulation is to assure the public that the licensed practitioner meets certain minimum qualifications and possesses an ability to provide a service, it is critical to the credibility and effectiveness of regulation that the Board administering it be empowered to determine whether or not licensed practitioners live up to their professional standards of their chosen profession, and that the Board is empowered to prevent practice by those who are either unable or unwilling to do so. The enforcement authority of state licensure boards for all occupations and professions has not always been exercised in the public interest in the relatively short history of such regulation. Nevertheless, the ability of the profession to work with the public to ensure acceptable standards is a highly desirable social goal, and the responsibility for this must be a part of the law which defines and recognizes a profession.

NASW Policy on the Review of Draft Bills.

Over the last few years, state NASW chapter committees on licensing and the national office of NASW have developed very constructive relationships

STATE COMPARISON OF LAWS REGULATING SOCIAL WORK July, 1976

National Association of Social Workers, Inc.
1425 H Street, N.W. — Suite 600
Washington, D.C. 20005

For Information: Myles Johnson, ACSW
Staff Associate

TABLE I — YEAR OF ENACTMENT, TYPE, AND ADMINISTRATION

STATE (IN ORDER OF ENACTMENT)	YEAR OF ENACTMENT FIRST	YEAR OF ENACTMENT AMENDED	TYPE (1)	NAME OF STATE REGULATORY AGENCY	LOCATION WITHIN STATE GOVERNMENT	NO. OF BOARD MEMBERS TOTAL	NO. OF BOARD MEMBERS SW
1. Puerto Rico	1934	1940	L	Board of Examiners of Social Workers (2)	Independent Board	7	7
2. California	1945	1973	R	Board of Behavioral Science Examiners	Department of Consumer Affairs	9	4(3)
	1968	1973	L				
3. Rhode Island	1961		R	Board of Registration of Social Workers	Department of Social Welfare	5	5
4. Oklahoma	1965		R	Board of Registrated Social Workers	Independent Board	5	5(4)
5. New York	1965		R	State Board for Social Work	The State Education Department	7	7
6. Virginia	1968	1974;1975	L(10)	Board for Regulation of Social Workers	Dept. of Prof. & Occup. Registration	5	5(5)
7. Illinois	1967		R	Social Workers Examining Committee	Dept. of Registrations & Education	7	7(6)
8. South Carolina	1968		R	State Board of Social Worker Registration	Independent Board	7	7
9. Maine	1969		R	State Board of Social Worker Registration		7	7
10. Michigan	1972	1975	R	State Board of Examiners of Social Work	Department of Licensing & Regulation	7	5(7)
11. Louisiana	1972		L(8)	State Board of Certified Social Workers		5	5
12. Utah	1972		L	Board of Social Work Examiners	Department of Business Regulation	5	5
13. Kansas	1974		L	Board of Social Work Examiners (advisory to Director, Dpt. SRS)	Dept. of Social & Rehab. Services	7	5
14. Kentucky	1974		L	State Board of Examiners of Social Work	Department of Human Resources	7	6(9)
15. Arkansas	1975		R	Board of Social Work Registration	Independent Board	7	3(12)
16. South Dakota	1975		L	Board of Social Work Examiners	Dept. of Commerce & Consumer Affairs	5	4(13)
17. Maryland	1975		L	State Board of Social Work Examiners	Dept. of Health & Mental Hygiene	5	4(14)
18. Colorado	1975		R/L	(11) Board of Social Work Examiners	Dept. of Regulatory Agencies	7	3(15)
19. Idaho	1976		L	State Board of Social Work Examiners	Dept. of Self-Governing Agencies	5	5(16)

FOOTNOTES:

(1) R — Registration of title; L — License to practice.

(2) 1940 also established a College of Social Workers of Puerto Rico, comprised of all social workers licensed in Puerto Rico. (P.R.)

(3) Two Clinical Social Workers; Two Registered Social Workers (Cal.)

(4) Three Registered Social Workers; Two RSW or Registered Social Work Associates (Okla.)

(5) Three Registered Social Workers; Two Associate Social Workers (Va.)

(6) Four with MSW Degrees - three with undergraduate degrees (Ill.)

(7) The Board shall have at least two Certified Social Workers; one Social Worker and one Social Worker Technician (Mich.)

(8) Law actually grants "right to practice and use the title" but prohibits only misuse of title (La.)

(9) Two each Certified Social Workers, Social Worker and persons licensed for independent practice. (Ky.)

(10) Legislature amended registration act to licensing act. (Va.)

(11) Act establishes registration of MSW or BA 2 years level and licensure of other levels. (Colo.)

(12) Minimum of three Social Workers; Board shall have at least one non-Caucasian member. (Ark.)

(13) Two certified Social Workers; one Social Worker; one Social Work Associate. (S.D.)

(14) Appointments of one person required from each of the three lists from Md. Chapter, NASW; Metro. D.C. Chapter, NASW; and Md. Chapter, NABSW. (Md.)

(15) Requires at least one member engaged in "direct services" and one member in "education, training, or research in Social Work." (Colo.)

(16) Three Certified Social Workers; Two Social Workers (Idaho)

Exhibit I

PRESENTATION TO THE

COMMERCE COMMITTEE

APRIL 20, 1977

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I AM JOE L. GREMBAN, PRESIDENT OF SIERRA PACIFIC POWER COMPANY. I AM APPEARING IN OPPOSITION TO AB 602.

THE PUBLIC SERVICE COMMISSION BY LAW HAS BEEN GIVEN THE RESPONSIBILITY TO REGULATE THE OPERATIONS OF PUBLIC UTILITIES. REGULATING A PUBLIC UTILITY IS AN EXTREMELY COMPLEX TASK REQUIRING THE SERVICE OF HIGHLY TRAINED AND QUALIFIED ACCOUNTANTS, RATE EXPERTS, ENGINEERS AND ATTORNEYS. OVER THE YEARS, THE COMMISSION HAS ADDED TO ITS STAFF AND DEVELOPED THE EXPERTISE REQUIRED TO AUDIT, REVIEW AND REGULATE UTILITIES WITHIN THEIR JURISDICTION. IN ADDITION TO UTILIZING ITS OWN STAFF, THE COMMISSION HAS THE AUTHORITY TO HIRE SUCH ADDITIONAL EXPERTS AS THEY DEEM NECESSARY TO CARRY OUT THE FUNCTIONS THEY ARE RESPONSIBLE FOR. IN FACT, THE COMMISSION HAS FROM TIME TO TIME RETAINED THE SERVICES OF EXPERTS RANGING FROM ACCOUNTANTS OF A NATIONAL BIG-8 ACCOUNTING FIRM TO A COST OF MONEY WITNESS.

THE 1975 LEGISLATURE RECOGNIZING THE DESIRABILITY OF HAVING AN AGENCY REPRESENTING THE CONSUMER, I.E., ALL CONSUMERS, DETERMINED IT WAS DESIRABLE NOT TO FORM A SEPARATE ORGANIZATION, BUT TO INCORPORATE THE CONSUMERS' REPRESENTATIVES AS A DIVISION OF THE PUBLIC SERVICE COMMISSION REPORTING TO THE COMMISSION, WITH ASSISTANCE BEING PROVIDED BY OTHER MEMBERS OF THE REGULATORY BODY

FOR CARRYING OUT ITS RESPONSIBILITIES. THE CONSUMERS DIVISION HAS BEEN IN OPERATION FOR ABOUT A YEAR AND A HALF AND AFTER DEVELOPING ORGANIZATIONALLY IS BEGINNING TO TAKE AN ACTIVE ROLE IN CONSUMER AFFAIRS.

THE EFFECT OF THIS BILL WOULD DUPLICATE SERVICES PRESENTLY THE RESPONSIBILITY OF AND BEING PROVIDED BY THE PUBLIC SERVICE COMMISSION.

SECTION 2.4 OF THE BILL PROVIDES FOR THE REIMBURSEMENT TO CITIES AND COUNTIES TO EMPLOY AN EXPERT OR EXPERTS TO APPEAR AND TESTIFY BEFORE THE COMMISSION OR ANY COURT OR TO ASSIST IN THE PRESENTATION OF ANY CITY OR COUNTY. IN OTHER WORDS, THIS COULD BE ASSISTANCE OF ACCOUNTANTS, ENGINEERS, RATE EXPERTS, CLERKS OR A STAFF, DOING EXACTLY THOSE THINGS ALREADY PERFORMED BY THE COMMISSION.

SUCH DUPLICATION OF SERVICES REPRESENTS A SUBSTANTIAL COST WHICH MUST BE BORNE IN THE LONG RUN BY THE CONSUMER. SECTION 3.1 PROVIDES THAT "REIMBURSEMENT FOR ANY COUNTY FOR ANY CALENDAR YEAR SHALL BE LIMITED TO 1/2 MILL ON EACH DOLLAR OF GROSS NEVADA INTRASTATE OPERATING REVENUES ACTUALLY COLLECTED DURING THE PREVIOUS CALENDAR YEAR FROM ANY PUBLIC UTILITY RESULTING FROM RATES, FARES OR CHARGES COLLECTED FROM PUBLIC UTILITY CUSTOMERS WITHIN THE COUNTY". SECTION 3.2 PROVIDES FOR THE SAME REIMBURSEMENT WITH RESPECT TO REVENUES GENERATED WITHIN THE CITY. SECTION 3 OF 704.033 STATES "THE COMMISSION SHALL SET ASIDE IN THE PUBLIC SERVICE COMMISSION REGULATORY FUND 1/2 MILL ON EACH DOLLAR OF GROSS OPERATING REVENUE TO REIMBURSE

CITIES AND COUNTIES....." THESE SECTIONS COULD BE INTERPRETED TO MEAN THE COUNTY COULD REQUEST 1/2 MILL ON REVENUES GENERATED WITHIN THE CITY WHICH IS LOCATED IN THAT COUNTY.

ASSUMING A 1/2 MILL LIMITATION ON INTRASTATE REVENUES ONLY, IN HEARINGS BEFORE THE ASSEMBLY GOVERNMENTAL AFFAIRS COMMITTEE, THE WITNESSES FOR THE COUNTY INDICATED A FIRST YEAR COST OF $160,000 WHICH WOULD, OF COURSE, INCREASE AS UTILITY REVENUES INCREASED. IT WAS ALLEGED THAT THIS WOULD REPRESENT NO ADDITIONAL COST TO THE CONSUMER SINCE THIS WOULD COME OUT OF THE SURPLUS FUNDS THE COMMISSION PRESENTLY HAS. I AM UNABLE TO SEE BY ANY STRETCH OF THE IMAGINATION HOW THE EXPENDITURE OF $160,000 COULD REPRESENT NO COST. THESE ARE FUNDS THE COMMISSION HAS SET ASIDE FOR ITS OPERATING PURPOSES AND AS SOON AS THEY ARE DEPLETED MUST BE FUNDED BY GREATER ASSESSMENTS THAN WOULD OTHERWISE BE NECESSARY. IF THE COUNTY IS AS SUCCESSFUL AS IT HAS ALLEGED IN SAVING CONSUMERS SUBSTANTIAL SUMS IN PROCEEDINGS BEFORE THE PUBLIC SERVICE COMMISSION, IT SHOULD HAVE NO QUALMS IN ASKING ITS TAXPAYERS FOR FUNDING RATHER THAN APPEALING FOR FUNDS FROM THE REGULATORY FUND OVER WHICH ITS TAXPAYERS HAVE NO VOICE.

SECTION 2.1 OF THIS BILL PROVIDES "A COUNTY MAY SUBMIT A VERIFIED CLAIM FOR REIMBURSEMENT FOR PARTICIPATING IN PROCEEDINGS BEFORE THE COMMISSION AND BEFORE ANY COURT FOR THE PURPOSE OF REPRESENTING THE INTERESTS OF <u>ANY OR ALL CONSUMERS</u> WITHIN A COUNTY." I HAVE UNDERSCORED ANY OR ALL CONSUMERS.

IN 1976 RESIDENTIAL CUSTOMERS REPRESENTED 39% OF TOTAL REVENUES, COMMERCIAL AND INDUSTRIAL-SMALL 42%, COMMERCIAL AND INDUSTRIAL-LARGE 12% AND ALL OTHER 7%. EACH CLASS OF CUSTOMERS HAS VARYING AND DIFFERING INTERESTS. EACH CUSTOMER IS INTERESTED IN HOLDING HIS INCREASE AS LOW AS POSSIBLE TO THE DETRIMENT OF THE OTHERS. FROM JANUARY 1, 1974 TO JUNE 30, 1976, A CUSTOMER WITH 500 kW OF MONTHLY CONSUMPTION HAD HIS RATES INCREASED BY 55.51%, AN ELECTRIC HOUSE HEATING CUSTOMER USING 2000 kWh EXPERIENCED AN INCREASE OF 98.68%, AN IRRIGATION CUSTOMER USING 30,000 kWh HAD AN INCREASE OF 105.76% AND A LARGE INDUSTRIAL CUSTOMER USING 1,500,000 kWh HAD HIS RATES RAISED BY 122.00%. WHO IS TO DETERMINE WHICH CUSTOMER THE COUNTY OR CITY REPRESENTS? DOES THE COMMERCIAL-INDUSTRIAL CUSTOMER REPRESENTING 54% OF REVENUES WANT TO BE REPRESENTED BY THE COUNTY AT ALL? IN OUR LAST RATE CASE AND IN OUR LAST COURT CASE, THE COUNTY AND THE INDUSTRIAL INTERVENORS WERE OPPOSED TO EACH OTHER. I HAVE SOME REAL RESERVATIONS AS TO WHOSE INTEREST IS BEING REPRESENTED. THIS IS THE KIND OF DETERMINATION THAT SHOULD BE MADE BY THE PUBLIC SERVICE COMMISSION WHICH IS CHARGED WITH THE RESPONSIBILITY.

ADDITIONALLY, THE QUESTION ARISES AS TO THE APPROPRIATE USE OF THE ASSESSMENT RAISED. THE MILL TAX APPLIES TO A NUMBER OF UTILITIES INCLUDING ELECTRIC, GAS, WATER AND TELEPHONE. IS IT APPROPRIATE TO USE AMOUNTS RAISED FROM TELEPHONE COMPANIES TO OBJECT TO ELECTRIC CASES, OR GAS ON ELECTRIC, ELECTRIC ON GAS, ETC.?

THE SAME QUESTION ARISES AS TO WHICH CUSTOMERS ARE BEING REPRESENTED IN INTERVENTIONS ON CONSTRUCTION PROJECTS. IN A 1976 CUSTOMER OPINION SURVEY WE HAD CONDUCTED, A QUESTION WAS ASKED OF OUR CONSUMERS: "DO YOU THINK THERE WILL BE A SHORTAGE OF ELECTRIC POWER IN THIS PART OF THE STATE FIVE OR TEN YEARS FROM NOW?" AND 47% RESPONDED YES. IN OUR HEARING ON A CONSTRUCTION PERMIT FOR A COAL FIRED POWER GENERATING UNIT AT VALMY, NEVADA, WE HAD THE FOLLOWING INTERVENE ON BEHALF OF THE PROJECT:

LOCAL 350 PLUMBERS & STEAMFITTERS UNION

NORTHERN NEVADA BUILDING TRADES COUNCIL

NEVADA CHAPTER, ASSOCIATED GENERAL CONTRACTORS

N. C. WHITEHOUSE ON BEHALF OF THE ANACONDA COMPANY

NEVADA MOTOR TRANSPORT ASSOCIATION, INC.

THE GREATER RENO CHAMBER OF COMMERCE

NEVADA FARM BUREAU FEDERATION

NEVADA STATE CHAMBER OF COMMERCE

JOHN WEBSTER BROWN-ENGINEER

IN ADDITION WE HAD THE FOLLOWING:

LANDER COUNTY

HUMBOLDT COUNTY

CITY OF WINNEMUCCA

HARNEY ELECTRIC COOPERATIVE.

THE ABOVE REPRESENT SUBSTANTIAL NUMBERS OF CUSTOMERS WHICH RAISES THE QUESTION AS TO WHOSE INTERESTS WERE BEING REPRESENTED BY THE COUNTY INTERVENTION. WAS A POLL OR SURVEY TAKEN TO DETERMINE THIS WAS THE DESIRE OF THE MAJORITY OF CUSTOMERS, OR WAS IT

THE OPINION OF SOME INDIVIDUAL OR INDIVIDUALS THAT THE MAJORITY WAS REPRESENTED?

FURTHER ASSUME THAT THE PROJECT IS DELAYED BY SUCH INTERVENTION AND SUBSEQUENTLY IT IS DETERMINED THE DELAY WAS WRONG AND THE PLANT WAS NEEDED. WHO NOW HAS THE LIABILITY FOR THE SUBSTANTIAL ADDITIONAL COSTS THAT MAY BE INCURRED TO PROVIDE THE POWER THAT WAS NOT AVAILABLE? CERTAINLY NOT THE CONSULTANTS WHO WILL BE LONG GONE.

AGAIN, THIS IS A FIELD OF EXPERTISE THE COMMISSION IS COMPETENT IN AND MUST JUDGE IN THE BEST INTEREST OF ALL CONSUMERS.

TO SUMMARIZE, THE BILL PROVIDES FOR A DUPLICATION OF SERVICES ALREADY BEING PROVIDED BY THE PUBLIC SERVICE COMMISSION. IT FURTHER BURDENS AN ALREADY OVERBURDENED CONSUMER WITH UNNECESSARY COSTS. FURTHER, BY THE VERY DIFFERING INTERESTS OF THE CONSUMERS IT CAN NOT REPRESENT THE MAJORITY. THIS CIRCUMVENTS THE TAXPAYER BY GIVING HIM NO OPPORTUNITY TO VOICE HIS APPROVAL OR DISAPPROVAL OF INCURRING THE ADDED COSTS LEVIED ON HIM BY THIS BILL.

I STRONGLY RECOMMEND THAT AB 602 BE KILLED.

10. Enter into any franchise agreement with a (service station operator) retailer which is not in writing and signed by all parties to(such) the agreement, or their agents.

11. The above provisions are intended to codify the preexisting public policy of the State of Nevada

Sec. 8. NRS 598.660 is hereby amended to read as follows:

598.660 1. No (supplier) refiner or distributor may fail to renew the franchise of any (service station operator) retailer without good cause and without fairly compensating (such operator) him at a fair going business value including but not limited to good will of the business prior to failure to renew.

(a) The capital investment was entered into with reasonable and prudent business judgment for the purpose of fulfilling the franchise; and

(b) The cancellation or failure to renew was not done in good cause.

2. For the purposes of this section, "capital investment" includes, but is not limited to, tools, equipment and parts inventory possessed by the (dealer) retailer on the day of notification of cancellation or nonrenewal and which are still within possession of the (service station operator) retailer on the day the nonrenewal is effective.

Retail Store # _____

542-0177F
FIXED TERM

RETAIL SERVICE STATION LEASE

4-20

AGREEMENT made this _____ day of _____, 197_____ and between Exxon Company, U.S.A. (a division of Exxon Corporation), having an office at _____, hereinafter called "Exxon", and _____ of _____ Street, City of _____, State of _____, hereinafter called "Lessee".

Exxon does hereby demise and lease unto Lessee and Lessee hereby leases from Exxon the retail automobile service station premises located at _____ situated in

_____
City or Town | County or Parish | State

more fully described as follows:

together with all rights-of-way, easements, driveways and pavement, curb and street front privileges thereunto belonging and together with all the buildings, improvements and equipment thereon or connected therewith, including the property and equipment now located thereon as listed in the Fixed Assets Investment Ledger form (or other accounting form listing said property and equipment) attached hereto and made a part hereof and together with any additions, replacements or substitutions thereto (collectively "premises"), on the following terms and conditions:

(1) Term: Subject to the other terms and provisions hereof, this lease shall be for a period of one year beginning at 12 o'clock noon on the _____ day of _____, 19_____ and ending at 12 o'clock noon on the _____ day of _____, 19_____. During the term hereof, Lessee may terminate this lease at any time by giving Exxon 60 days' prior written notice of such termination.

(2) Rent: Lessee shall pay the following rent to Exxon:

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It is agreed that Exxon will charge and Lessee will pay no higher rent pursuant to this lease than is permitted under valid applicable Federal or State regulations. It is further agreed that Exxon will not require nor shall Lessee be obligated to make any repairs or perform any maintenance other than permitted under valid applicable Federal or State regulations.

All rent and other sums payable by Lessee hereunder shall be paid at Exxon's office designated above (or such other office as may be designated) or, at Exxon's option, to its authorized representative.

(3) Extensions and Renewals: In consideration of the granting of this lease, it is understood and agreed that there shall be no contractural or other obligation on the part of either party to extend or renew this lease; however, if this lease agreement should be extended or renewed by effect or operation of any law for any reason, it is understood and agreed that: (a) upon Exxon's giving written notice to Lessee of Exxon's intention to exercise its right under this section to adjust rentals, Exxon and Lessee shall negotiate an adjustment of rental. If no rental adjustment agreement is reached by the parties within 15 days after said notice, Lessee shall be required at his expense to furnish to Exxon an appraisal of the premises by a professional real estate appraiser acceptable to Exxon establishing the then market value of the premises based upon the highest and best use for the fee interest in said property without regard to the interest owned by Exxon or of the existence of this lease. The monthly rental thereafter, until otherwise adjusted hereunder, shall be 1/12 of the sum of the following: (i) 10% of the appraised value of the fee interest in said premises, (ii) the total property taxes paid on the premises by Exxon in the preceding lease year, and (iii) Exxon's actual cost of repairs and maintenance performed on the premises during the preceding lease year. Such rental to be payable monthly in advance not later than the 10th day of each month during any such renewal or extended term. The right to rental adjustment under this section shall be a reoccurring right, which may be exercised by Exxon at any time and from time to time after any extension of the term hereof by operation of law. (b) Exxon shall have the right and privilege, at its sole option, to make additions, changes and amendments to the term of such renewal or extended lease and to the other covenants and provisions hereof or to substitute a new lease agreement all as Exxon may determine to be necessary or desirable.

(4) Underlying Estates: It is understood and agreed that if Exxon is not the owner of the premises herein leased, then the within lease and the estate created hereby are subject to all of the terms, provisions and conditions of the lease or other arrangement under which Exxon holds said premises, and effective upon the expiration or cancellation or termination for any reason (including without limitation of the foregoing the voluntary or negotiated release by Exxon of its rights under said lease or other arrangement) of such lease or other arrangement under which Exxon holds the said premises, the within lease shall be automatically terminated and cancelled without further act of the parties hereto and without any liability on the part of Exxon. This lease is also subject to all easements, rights of way and other encumbrances, whether of record or not, previously granted by Exxon or its predecessor in title, and Exxon expressly reserves the right to grant easements, rights of way and similar encumbrances to third parties affecting the leased premises without the consent of Lessee.

(5) Exxon's Right to Sell or Assign: It is understood and agreed that Exxon shall have the right to sell, or assign its right, title and interest in the premises in whole or in part.

(6) General Covenants: Lessee agrees–

(a) to use and operate the premises only as a retail drive-in automobile service station for the sale of gasoline, petroleum products, automotive accessories, minor repair services and other merchandise and services for motor vehicles normally sold at such stations (Lessee shall not use the premises or any part thereof for the parking, storage, rental, or sale of motor vehicles, trailers, or other equipment without Exxon's prior written consent) and to keep such station open for such purpose at least from _____ a.m. to _____ p.m. each day excepting _____.

Lessee's obligation to have the premises open for such purpose shall be modified by mutual written agreement entered into by the parties hereto during any period when Lessee's supply of gasoline at the premises is substantially allocated or limited;

(b) to make no unlawful or offensive use of the premises; to comply with all statutes, ordinances, rules, orders, regulations and requirements of federal, state and municipal governments and administrative bodies;

(c) to keep the premises, including buildings, driveways and ramps in a clean, sanitary and orderly condition; to maintain any lawns, shrubbery and other landscaping;

(d) to operate the business conducted on the premises in a safe and orderly manner, allowing no fire hazards, unsanitary or dangerous conditions to exist;

(e) to keep the driveways, ramps and pump islands open for motor vehicle access;

(f) to pay the rent herein specified at the time when the same is due;

(g) to make no assignment of this lease nor sublet the premises herein demised; any such purported assignment or subletting shall result in automatic termination of this lease without further act by Exxon; and Exxon shall be under no obligation or standard of reasonableness to approve any tendered assignee or subtenant;

(h) to make no additions, changes or alterations to the structure of the buildings, improvements or driveways, to cause no additional improvements to be placed on the premises, and to make no repairs at the expense of Exxon without obtaining Exxon's prior written consent;

(i) to place no signs on the premises which do not relate to the retail automobile service station business conducted thereon without first obtaining Exxon's written consent;

(j) to maintain at Lessee's expense the equipment owned by Lessee and to perform the following maintenance and repair; clean sewage disposal system, if any; clean gutters and downspouts; clean and unstop wash bay sumps and sand traps; necessary ordinary maintenance, replenishment of oil, lubrication, examination and inspection of air compressor and all other mechanical equipment; necessary ordinary maintenance, lubrication, examination and inspection of hydraulic lifts provided that Exxon, upon notice by Lessee, shall furnish and replenish the hydraulic oil supply for such lifts and Lessee shall not furnish or replenish such hydraulic oil supply; replace electric light bulbs, tubes and lamps on the interior or exterior of buildings, canopies and islands; replace broken glass; repair, as necessary, toilets, basins and other plumbing fixtures; repair and maintain heating equipment except for major component repair or replacement: repair and maintain water softener; repair and maintain door closers; make minor repairs to maintain previously existing condition of storage room, display area and shelving (it being understood that Lessee is to make no additions to such facilities); repaint curbing, pump island sides, building walk sides, and striping of parking area; repair and maintain air conditioners and water cooling equipment;

(k) to replace at Lessee's risk and expense the following: mirrors, water and air hoses; door locks and keys; window latches, knobs and hinges; air gauges and stands;

ATTACHMENT #2A

DEALER COPY

Rider Attached to and Made a Part of a Certain Service Station Lease Between Mobil Oil Corporation, as Landlord, and John H. Gledhill, as Tenant, dated December 10, 1973.

Landlord and Tenant agree that either party may once during any current term of this lease, in addition to exercising any other termination or nonrenewal notice allowed by the terms of this lease, notify the other party of his desire to amend the rental terms by giving 30 days prior written notice. At the expiration of said notice, Landlord and Tenant shall have 30 days in which to agree upon new rental terms. In the event the parties are unable to agree upon mutually acceptable terms, this lease may be terminated at the option of either party upon notice to the other.

MOBIL OIL CORPORATION

By: R Butler

DISTRICT SALES MANAGER

ACCEPTED:

John H. Gledhill

(John H. Gledhill)

DEALER COPY

SS 11-724 CO 1506 WC (3-72)

Mobil Oil Corporation

retail dealer contract

THIS CONTRACT IS made December 10, 1973, between MOBIL OIL CORPORATION, hereafter called Seller, having an office at 300 South 24th Street, Phoenix, Arizona and John H. Gledhill, jointly and severally if more than one, hereafter called Buyer, having a place of business at 3376 Las Vegas Blvd. South, Las Vegas, Nevada hereafter called the premises

PRODUCTS

1. Products; Quantities. Seller shall sell and Buyer shall purchase during each contract year not less than the minimum and not more than the maximum quantities of the products set forth below, the amounts so sold and purchased within such limits to be those ordered by Buyer, provided that the amounts so ordered in any one calendar month shall not be less than 5% of the annual minimum quantity. Seller shall not be obligated to (but may at its option) make single deliveries of gasoline or diesel fuel of less than 75% of the storage capacity at the premises, nor to deliver more than 15% of the annual maximum quantity of any product listed below in any one calendar month. For this contract 8 pounds of grease equal 1 gallon of oil.

PRODUCTS	MINIMUM PER CONTRACT YEAR	MAXIMUM PER CONTRACT YEAR
MOBIL REGULAR, MOBIL PREMIUM and MOBIL SPECIAL	YEARLY MINIMUMS AND MAXIMUMS ARE SET FORTH IN SCHEDULE "A" ATTACHED HERETO AND FORMING A PART HEREOF.	gals.
MOBILFUEL DIESEL	"	"
	"	"
Oils and Greases	"	"
SOVASOL No.	"	"
Alcohol Anti-Freeze	"	"
Ethlyene Glycol Base Anti-Freeze	"	"
MOBIL Specialties	None	$
MOBIL Tires	None	$ 50,000
MOBIL Batteries	None	$ 5,000
Seller's Automotive Accessories	None	$

ATTACH RIDERS HERE

Products, grades, trademarks and packaging shall be those marketed and used by Seller at times of deliveries for similar dealers in Buyer's area, all as determined by Seller.

2. Term. The term of this contract shall be for an original period of three(3) year(s) beginning May 1, 1974 and ending April 30, 1977 and for successive similar renewal periods thereafter, provided that it shall terminate at the end of any current period (original or renewal) by notice from either party to the other, given not less than 90 days prior to such termination, and provided further that if the premises are leased or subleased to Buyer by Seller, this contract may be terminated by Buyer at any time on not less than 90 days' notice to Seller. Seller may terminate this contract at any time during the first 12 months of the term on not less than 30 days' notice to Buyer, provided that said 12-month period shall be reduced by the length of time Buyer has operated as a dealer of gasoline supplied directly by Seller at the premises prior to the execution of this contract.

3. Prices; Terms; Deliveries. Prices not covered by an attached rider shall be those posted or listed by Seller at time and for place of delivery for that class of customers in which Buyer shall then fall. All prices are subject to change by Seller. Unless otherwise specified prices are prior to taxes, if any. All prices are payable in cash in U.S. dollars at time of delivery except to the extent credit is extended. Cash discounts, if any, are not applicable to taxes, freight or container charges. Deliveries shall be made at the premises and shall be promptly received by Buyer. Quantities shall be computed without temperature adjustment.

4. Taxes. The amount of any present or future governmental tax, fee or duty (not included in the price or otherwise paid by Buyer) on or measured by (a) this contract, (b) the products or constituent materials covered hereby or (c) the manufacture, sale, use, transportation or handling of said products or materials, shall be paid by Buyer to Seller.

5. Credit Customers. If Buyer participates in Seller's retail credit program, Buyer agrees to strictly comply with Seller's policy for sales by dealers to credit customers as amended by Seller from time to time (currently set forth in Seller's Form CO-66). For all authorized sales made by Buyer in accordance with such policy, Seller shall pay Buyer the face amount of each credit sale ticket (account) assigned to Seller, less such charges as Seller may establish for participation in its retail credit program, provided such assignment is made by delivery of the credit sales ticket (or as Seller may otherwise direct) within the time specified by Seller, and not later than 30 days after such sale. Buyer's failure to comply with Seller's credit policy shall be a default under this contract.

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6. **Brand Names, Trademarks, Advertising.** Buyer shall use Seller's trademarks and brand names to identify and advertise Seller's products, and shall not use such trademarks and brand names for any other purpose. Buyer shall not mix any other products with Seller's products or adulterate them in any way, and shall not use Seller's trademarks or brand names in connection with the storage, handling, dispensing or sale of any adulterated, mixed or substituted products. All advertising, including color schemes, of Seller's products shall be subject to Seller's approval. Any violation of the provisions of this paragraph by Buyer shall give Seller the right to immediately terminate this contract. On any termination of this contract, Buyer shall cause all reference to Seller and all use of Seller's color schemes, trademarks, brand names, slogans and advertising to be discontinued and shall return to Seller all such advertising and promotional material in Buyer's possession. Buyer acknowledges and recognizes that injunctive relief is essential for the adequate remedy of any violation of the provisions of this paragraph by Buyer.

7. **Containers.** All containers on which Seller charges a deposit shall remain Seller's property, shall be used only for the original contents and shall be returned when empty to Seller's shipping point, freight collect, unless Seller maintains in Buyer's area a regular pick-up service, in which event Seller shall collect containers on notice from Buyer. Deposit charges are payable without discount when payments for the contents are due and shall be refunded provided the containers are returned in their delivered condition, less ordinary wear, within 90 days after delivery. If not so returned, Seller may retain the charges in settlement for the containers and expenses.

8. **Claims.** Any claim by Buyer for deficiency in quality or quantity shall be waived unless Seller is given notice and an opportunity to inspect within 5 days after delivery. Any claim by Buyer of any other kind, based on or arising out of this contract or otherwise, shall be waived unless Seller is given notice within 90 days after the event, action or inaction to which such claim relates. Any claim of any kind by Buyer based on or arising out of this contract or otherwise shall be barred, unless asserted by the commencement of an action within 12 months after the event, action or inaction to which such claim relates. In no event shall Seller be liable for prospective profits or special, indirect or consequential damages. The provisions of this section shall survive any termination of this contract, however arising.

9. **Contingencies.** Seller shall not be liable for loss, damage or demurrage due to any delay or failure in performance (a) because of compliance with any order, request or control of any governmental authority or person purporting to act therefor, or (b) when the supply of products or any facility of production, manufacture, storage, transportation, distribution or delivery contemplated by Seller is interrupted, unavailable or inadequate because of wars, hostilities, public disorders, acts of enemies, sabotage, strikes, lockouts, labor or employment difficulties, fires, floods, acts of God, accidents or breakdowns, plant shutdowns for repairs, maintenance or inspection, weather conditions or any cause beyond its control whether or not similar to any of the foregoing. Seller shall not be required to remove any such cause or replace the affected source of supply or facility if it shall involve additional expense or a departure from its normal practices. If for any such cause there is, or Seller believes in its reasonable opinion there may be, such a shortage of supplies that Seller is or may be unable to meet the demands of all of its customers of all kinds, Seller may allocate among such customers its available supplies in such reasonable manner as it may determine. Buyer shall not be liable for failure to receive products if Buyer is prevented from receiving and using them in its customary manner by any cause beyond its control.

10. **Indemnity.** Buyer shall indemnify and hold Seller harmless against all losses and claims (including those of the parties, their agents and employees) for death, personal injury or property damage arising out of (a) the use or condition of the premises (including adjacent sidewalks, drives and curbs) or the equipment and facilities thereon, regardless of any defects therein, (b) Buyer's non-performance of this contract or (c) the storage and handling of products on the premises and against all fees, expenses and costs in connection with any of the foregoing. Seller does not warrant or guarantee any equipment or facilities.

11. **Expenses; Permits.** Except as otherwise provided in this contract, or in any lease between the parties covering the premises, Buyer shall pay all expenses, taxes and fees in connection with the maintenance and operation of the premises and the business conducted thereon, shall obtain all required permits and licenses and shall comply with all applicable governmental laws and regulations.

12. **Termination.** If Buyer has made any false or misleading statement in his Dealer Application Form CO-303, or has failed to make prompt payment of any sums due Seller under this contract or Seller's retail credit program, or if the business conducted by Buyer at the premises results in an excessive number of complaints by customers for unethical or sharp practices and there appears to be, in Seller's reasonable judgment, good cause for such complaints, or if Buyer is otherwise in default hereunder, Seller may on notice to Buyer terminate this contract or may suspend deliveries during default. If any insolvency, bankruptcy or receivership proceedings are instituted by or against Buyer, or if Buyer takes advantage of any law for the benefit of debtors or if any execution or levy shall issue against Buyer or Buyer's effects, or if Buyer dies, or if any disability on the part of Buyer prevents personal supervision by Buyer of the performance of the obligations under this contract, or if any lease or sublease from Seller to Buyer covering the premises is terminated, this contract shall automatically terminate. Any termination shall be without prejudice to Seller's accrued rights. If Buyer is indebted to Seller at time of termination, title to Buyer's unsold products, in good condition, bought from Seller shall, on notice to Buyer, revest in Seller who shall apply the amount charged therefor against such indebtedness.

13. **Notices.** All notices hereunder, except those under Section 7, shall be in writing and shall be delivered personally (to an officer or manager in case of Seller) or sent by registered or certified mail to the address specified above unless changed by notice. Notice by mail shall be deemed given on the date such notice is deposited in the United States mail, postage prepaid and properly addressed.

14. **Miscellaneous.** Any assignment of this contract by Buyer without Seller's written consent shall be void. This instrument, including any documents incorporated herein, contains the entire agreement covering the subject matter, and supersedes any prior supply contract between the parties relating to the premises. Seller's right to require strict performance shall not be affected by any previous waiver or course of dealing.

BUYER: John H. Gledhill
(John H. Gledhill)

MOBIL OIL CORPORATION

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By: L Butler
DISTRICT SALES MANAGER

DEALER COPY

SS No. 11-724

Schedule "A" to Retail Dealer Contract dated 12/10/73 by and between Mobil Oil Corporation, as Seller, and John H. Gledhill as buyer.

Subject to other terms and conditions of paragraph one of this contract, the following minimum and maximum purchase obligations will be in effect for each contract year:

Product	Minimum Per Contract Year	Maximum Per Contract Year
Year One		
Mobil Automotive Gasolines	308,500	740,000
Year Two		
Mobil Automotive Gasolines	308,500	740,000
Year Three		
Mobil Automotive Gasolines	308,500	740,000

Nothing herein contained shall be construed to be a waiver of Seller's rights to terminate this contract prior to the scheduled termination date, in accordance with the provisions contained in this contract.

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SS 11-724

DEALER COPY

ALLOCATION ADDENDUM TO CONTRACT

Notwithstanding anything to the contrary, this Contract is expressly conditioned on the following additional overriding, terms:

1. The parties acknowledge that but for the agreements contained in this addendum, Mobil would not have entered into this Contract. In the event that any part of this addendum is found to be unenforceable for any reason whatsoever, then this entire Contract shall be immediately void and no part thereof shall be enforceable, except that Customer shall pay for goods sold and delivered by Mobil prior to the date the Contract is voided.

2. In the event that Mobil determines that allocation is required to enable Mobil to comply with any governmental request, order, guideline, rule, regulation or law, relating to allocation, whether voluntary or mandatory, Mobil reserves the right to take any of the following actions, all of them, or any combination of them:

   (a) Cancel this Contract.

   (b) Allocate such quantities to the Customer herein as Mobil may determine.

   (c) Suspend or cancel deliveries during such period or periods as it may determine it requires to resolve uncertainties raised by such governmental requests, orders, guidelines, rules, regulations or statutes.

3. Mobil shall not be liable for loss, damage or demurrage due to any delay or failure in performance by reason of the foregoing, nor shall Mobil be required to make up any deliveries or quantities omitted as a result of the foregoing.

4. Mobil's determination, in all instances referred to in this addendum and Mobil's decision to take any action provided for in this addendum shall be made in its sole and absolute discretion, shall be conclusive as to all operative facts required therefor and no part of any such determination or decision shall be open to question provided only that the determination and/or decision was arrived at in the ordinary course of business under the circumstances.

5. This Contract shall not be valid unless this addendum is executed and agreed to by Customer and Mobil.

Dated 12/19/73

MOBIL OIL CORPORATION

By: [signature] DISTRICT SALES MANAGER 2273

CUSTOMER

By: [signature] (John H. Gledhill)

DEALER COPY

CO-1506 RIDER (10-69)

SIGN AND EQUIPMENT RENT RIDER

SS 11-724

(To be attached to and made a part of Form CO-1506 Retail Dealer Contract)

CONTRACT DATED December 10, 1973 BETWEEN MOBIL OIL CORPORATION, AS SELLER (LESSOR HEREUNDER), AND John H. Gledhill, AS BUYER (LESSEE HEREUNDER), COVERING PREMISES SITUATED AT 3376 Las Vegas Blvd. South, Las Vegas, Nv.

Lessor hereby leases to Lessee and Lessee hires from Lessor the following items of personal property for use at the above premises. Lessee shall pay to Lessor the respective amounts of rent for each item as set forth below on the first day of each month of the term hereof and any extension and renewal hereof except where otherwise noted.

				RENT PAYABLE MONTHLY IN ADVANCE	RENT PAYABLE ANNUALLY IN ADVANCE
SIGNS:					
NUMBER 1	TYPE Plastic I.D.	SIZE 12'		$ 21.00	
NUMBER 1	TYPE Hi-Rise	SIZE 27'		$ 35.00	
NUMBER	TYPE	SIZE		$	
TIRE MERCHANDISERS:					RK 240.00
NUMBER 10	TYPE Bison	@2.00/ea./mo.		$	$ 240.00
OIL CAROUSELS:					
NUMBER 3	@3.00/ea./mo.			$	$ 108.00
IMPRINTERS:					
NUMBER 2	TYPE AM Mod 14/55				$ 48.00
OTHER (NUMBER OF ITEMS AND DESCRIPTION):					
				$	
TOTAL:				$ 56.00	$ 396.00 RK 396.00

The term of this lease shall begin on May 1 1974, and shall continue for a period of 3 year(s) and thereafter until terminated by either party on not less than thirty (30) days' written notice to the other, provided, however, that it shall automatically terminate on any termination of any Retail Dealer Contract or Distributor Contract between the parties hereto. Lessor may terminate this lease at any time by written notice on default by Lessee.

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DEALER COPY SS 11-724

SERVICE STATION LEASE CO-1699 A (12-71)

THIS LEASE is made ..... December 10 ....., 1973, between MOBIL OIL CORPORATION, a New York corporation, hereafter called Landlord, having an office at .300 South 24th Street, ... Phoenix, Arizona ..... and John H. Gledhill ..... jointly and severally, if more than one, hereafter called Tenant, of ..3376 Las Vegas Blvd. So., Las Vegas, Nevada 89109

1. **Premises.** Landlord hereby leases to Tenant and Tenant hereby hires and takes the following premises:

3376 Las Vegas Blvd. South, Las Vegas, Nevada 89109

including the improvements and equipment, except Mobil identification signs, now or hereafter placed thereon (hereafter collectively called the premises), subject to any state of facts an accurate survey might show, to easements, encumbrances, restrictions of record, existing or future mortgages and any underlying lease, but excluding any of the premises which are the subject of any prior lease by Landlord, its predecessors or assignors.

2. **Term.** The term of this lease shall be for an original period of .....three (3)..... year(s) beginning .....May 1, 1974..... and ending .....April 30, 1977..... and for successive renewal periods of .three years... thereafter, at the last year's rent stated herein, provided, that it shall terminate at the end of any current period (original or renewal) by notice from either party to the other, given not less than 90 days prior to such termination, and provided further that it may be terminated by Tenant at any time on not less than 90 days' notice to Landlord. Landlord may terminate this lease at any time during the first 12 months of the term on not less than 30 days' notice to Tenant, provided that said 12 month period shall be reduced by the length of time that Tenant has operated as a dealer of gasoline supplied directly by Landlord at the premises prior to the execution of this lease. If the term of this lease or any renewal thereof extends beyond the current term of any underlying leasehold interest owned by Landlord, this lease shall automatically terminate on the termination of such interest for any reason, including Landlord's failure to exercise any renewal option.

3. ***Rental.*** Tenant shall pay as rental per calendar month during the term of this lease the sums specified in the following schedule for each gallon of motor fuel delivered into the storage tanks at the premises or if on Meter Wholesale Plan for each gallon of motor fuel withdrawn from said storage tanks, but in either case no less than the minimum amount specified in said schedule for a calendar month:

Effective Dates:	5/1/74-				
	4/30/77				
Collection Rate Per Gallon	2.25 ¢	¢	¢	¢	¢
Minimum Per Month	$1,040.	$	$	$	$

If the term of this lease begins or ends on a day other than the first or last day, respectively, of a calendar month, the minimum rental for the fractional part of a calendar month shall be adjusted on a pro rata portion of the month involved.

All gallonage payments provided for herein shall be payable at the time of each purchase of motor fuel by Tenant. Landlord's records of the number of gallons of motor fuel so purchased shall be the determining basis for rental to be paid hereunder. If at the end of a month, the gallonage payments are less than the minimum rental, Tenant shall pay the deficiency promptly on receipt of notice thereof from Landlord.

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4. Use. Tenant acknowledges that the value of the premises to each party to the lease is in direct proportion to the successful operation of an automotive service station and agrees that the premises shall be used principally for such purpose and operated:

~~(a) from ..... a.m. to ..... p.m. on weekdays~~
and from ..... a.m. to ..... p.m. on Sundays
and holidays during the months of .....
and from ..... a.m. to ..... p.m. on weekdays
and from ..... a.m. to ..... p.m. on Sundays
~~and holidays during the other months of the year;~~
(b) 24 hours per day, seven (7) days per week;
(c) .....
.....
.....

INITIAL

Tenant further acknowledges and agrees that the premises shall not be used in connection with the sale of alcoholic beverages or any purpose prohibited by law, ordinance, covenant, condition or restriction.

5. Maintenance Obligations—Landlord. Landlord, at its expense, shall make repairs (including painting) deemed necessary by it to keep such of the following improvements and equipment as are covered by this lease in good operating condition, provided the necessity therefor is due to ordinary wear or to damage by the elements; air compressors, lifts, air towers, fuel pumps (including non-automatic nozzles and hoses), fuel tanks and lines, lubricating equipment, pavements and driveways, signs, wiring, piping, overhead doors (except glass therein), roofs, walls and foundations of buildings. Landlord's obligation to repair shall not arise until (a) Landlord is notified that the item in question is not in good operating condition and (b) Landlord shall have determined in its uncontrolled discretion and within a reasonable period that the necessity for repair is due to a cause referred to above. Tenant shall either make the item harmless or shall not use it or permit it to be used until repaired. In lieu of repairing, Landlord may make replacements.

6. Maintenance Obligations—Tenant. Tenant agrees at its expense (a) to maintain the premises in good, safe and operating condition and promptly to make all repairs or replacements necessary for that purpose, including but not limited to plate glass damage (except to the extent that Landlord shall make repairs or replacements as provided in Section 5), (b) to keep adjacent sidewalks, curbs and drives in good and safe condition and free from snow, ice and obstructions, (c) to provide adequate water, maintenance and care necessary to sustain all plants, shrubs and grassy areas on or about the premises, (d) to keep filled and ready for operation all fire extinguishers on the premises, (e) in order to contribute to the health, safety and comfort of the motoring public and to promote the cleanliness and good appearance of the general community, to keep the rest rooms clean, neat, sanitary and supplied adequately with towels, toilet paper and soap and to keep the premises in clean, orderly and well-lighted condition, free of trash, junk and debris, and (f) to dispose of all wastes such as waste oil, used tires, batteries and other refuse so as not to contribute to water and air pollution. Tenant further agrees to comply with all the requirements of local, state and federal authorities with respect to water and air pollution. If Tenant does not dispose of such waste in a proper manner or is not, in Landlord's opinion, complying with said water and air pollution requirements, Landlord at its option may do so without liability to Tenant for business loss, and the cost thereof shall be paid by Tenant. If Tenant does not maintain and repair the premises and make replacements, Landlord at its option may do so, without liability to Tenant for business loss, and the cost thereof shall be paid by Tenant.

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7. Other Obligations of Tenant. Tenant agrees: (a) to supply and maintain all equipment necessary for Tenant's operations hereunder not supplied by Landlord as part of the premises, (b) not to make or permit alterations or additions to the premises or to place any additional structures on the premises without Landlord's prior written approval, except that Tenant may, without such approval, install storage and merchandising equipment for petroleum products, tires, batteries and automotive accessories if removable without damage to the premises, (c) not to place rental devices or equipment on the premises without Landlord's prior written consent, except that Tenant may, without such approval, install storage and merchandising equipment for soft drinks, candy and tobacco products if removable without damage to the premises, (d) to keep legible and visible all brand names, trademarks and signs of Landlord on Landlord's pumps, containers, and equipment now or hereafter placed on the premises and to use such pumps, containers, and equipment solely for Landlord's products, (e) to permit Landlord to enter the premises to make inspections, to post notices or for any other purpose without liability for any interference with Tenant's business, (f) to pay all utility charges and other expenses, except as otherwise provided in this lease, and all taxes and fees imposed on the premises or the use thereof, except real and personal property taxes on the land and buildings and on Landlord's equipment unless otherwise provided in any underlying lease between Landlord and Tenant, (g) to comply with all requirements of competent authorities with respect to the premises and sidewalks, drives and curbs adjacent thereto, and of the Board of Fire Underwriters and similar organizations, (h) to accept the premises in their present condition which is known to Tenant, (i) not to hold Landlord responsible for any defect in, or change in conditions affecting, the premises or for any damage to the premises except as provided in Section 5, (j) to keep the premises free of all liens and claims, (k) to waive all present and future rights of redemption or repossession and all demands or notices for rent, entry or re-entry, or in connection with any action to recover possession, (l) to waive any right in any appropriation, condemnation or eminent domain awards, and (m) on any termination of this lease to surrender the premises to Landlord, without notice from Landlord, in good order and condition.

8. Termination. If tenant has made false or misleading statements in order to obtain this lease, or is in default hereunder, or if any supply contract between the parties covering the delivery of products at the premises is terminated, or if the premises are closed for the operation of a service station for 60 or more consecutive hours, or if any insolvency, bankruptcy, or receivership proceedings are instituted by or against Tenant, or if Tenant takes advantage of any law for the benefit of debtors, or if any execution or levy shall issue against Tenant or Tenant's effects, or if any disability on the part of Tenant, other than Tenant's death, prevents personal supervision by Tenant of the performance of the obligation under this lease, or if any part of the premises shall be taken for public or quasi-public use, Landlord may, on the happening of any such event, terminate this lease on notice to Tenant. In the event of Tenant's death, this lease shall automatically terminate. On any termination, Landlord may re-enter and repossess the premises without prejudice to Landlord's accrued rights.

9. Notices. All notices hereunder shall be in writing and shall be delivered personally (to an officer or manager in case of Landlord) or sent by registered or certified mail to the address specified above unless changed by notice. Notice by mail shall be deemed given on the date such notice is deposited in the United States mail, postage prepaid, and properly addressed.

10. Miscellaneous. Any assignment, mortgage or pledge of this lease or any interest therein or any subletting of the premises, in whole or in part, by Tenant without Landlord's written consent shall be void. This instrument, including any documents incorporated herein, contains the entire agreement covering the subject matter and supersedes any prior lease between the parties with respect to the premises. All rights and remedies of Landlord are cumulative. Landlord's right to require strict performance shall not be affected by any previous waiver or course of dealing. If Tenant fails to perform any obligation hereunder, Landlord may perform same and charge Tenant with the expense as rent hereunder.

Witnesses:

MOBIL OIL CORPORATION

By ..... Manager
DISTRICT SALES MANAGER

Richard E. Johnson

C. Grek

Tenant

John H. Gledhill (L. S.)
(John H. Gledhill)

..... (L. S.)

3.

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With respect to said equipment, Lessee shall (a) make no additions thereto or alterations therein without Lessor's written consent, (b) keep legible and visible all brand names, trademarks and signs of Lessor, (c) comply with all laws and regulations covering its use, (d) do or permit to be done nothing prejudicial to Lessor's title, (e) not remove it or deliver it to anyone but Lessor, (f) use it solely for Lessor's products on the premises, and (g) exercise reasonable care to prevent damage.

Lessor shall pay all charges for permits and licenses (except periodic renewal fees) installation, maintenance (except the cost of electric current) and repairs, provided the necessity therefor is not, in Lessor's opinion, due to negligence or misconduct of Lessee, his employees, agents, customers or invitees.

Lessor reserves the right to remove any of the leased items at any time and to replace the same with similar personal property. Lessor reserves the further right to discontinue the leasing of any item at any time without any obligation to replace the same in which event the rental for said item or items will cease effective as of the date of removal. On any termination of the Retail Dealer Contract or Distributor Contract between the parties hereto, Lessor may remove said equipment without liability and without obligation to restore the premises to their former condition or to repair or pay for damage incidental to removal, or Lessor may abandon said equipment.

With respect to said equipment, this lease shall supersede any other agreement between the parties covering equipment.

LESSEE

John H. Gledhill 12/19/75

(John H. Gledhill) DATE

MOBIL OIL CORPORATION

Richard E. Johnson

SALESMAN

CONSENT OF OWNER OF PREMISES

In consideration of Lessor's entering into the foregoing agreement and ~~leasing~~ the equipment therein specified, the owner of the premises consents to the agreement and to any similar one with any ~~other~~ occupant and agrees (1) that any equipment leased to any occupant shall remain Lessor's personal property, irrespective of how it may be affixed and may be removed or abandoned at any time, (2) that Lessor shall have all rights provided for in agreement whether or not then in effect and (3) that no such equipment shall be subject to lien or ~~process on~~ account of any rents or ~~other~~ amounts now or hereafter due.

In the presence of:

OWNER

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(l) that Lessee has inspected the premises, structures and equipment and finds them to be in a good state of repair and good working order;

(m) to make at Lessee's expense all repairs to the premises and the equipment caused by the neglect, misuse or carelessness of Lessee, Lessee's employees, agents, representatives or contractors; and to give prompt written notice to Exxon of the need for repairs to the premises that are not so caused, and which are the responsibility of Exxon hereunder;

(n) to quit and surrender peaceably and quietly to Exxon, its agent or attorney possession of the premises at the expiration or other termination of this lease without further notice in as good order and condition, ordinary wear and tear and acts of God excepted, as when delivered to Lessee, and not to make or suffer any waste thereof, replacing or paying to Exxon the reasonable value of any damage to the premises or equipment caused by the neglect, misuse or carelessness of Lessee, Lessee's employees, agents, representatives or contractors.

(7) Repairs: Exxon agrees, at its own expense, to make all repairs (which Lessee is not required under Article (6) hereof to make) to the premises leased hereunder upon written notice from Lessee to Exxon or its designated representative; provided, however, that such repairs are, in Exxon's opinion, necessary and have not been caused by the neglect, misuse or carelessness of Lessee or Lessee's employees, agents, representatives or contractors; and provided further that Exxon reserves the right but shall not be obligated to inspect the premises and its equipment from time to time and to perform such repairs, painting and maintenance Exxon considers necessary as a result of such inspection. Lessee agrees that Exxon shall have right of entry and access to the premises to examine and inspect the premises to ascertain Lessee's compliance with the terms and conditions of this lease.

Exxon shall have the right but shall be under no obligation to perform any maintenance or repair which is the responsibility of Lessee under this lease, in the event Lessee shall fail to perform such maintenance or repair within 15 days following notice by Exxon to Lessee. Lessee shall pay to Exxon the cost of such maintenance or repair upon Exxon's billing for same.

Exxon reserves the right, upon not less than thirty (30) days prior written notice to Lessee, to reconstruct, remodel, or make additions to the building, equipment or other facilities covered hereby. During the period of such reconstruction, remodeling or addition, Exxon shall reduce the rental due hereunder by an amount which, in its sole judgment, would adequately compensate Lessee for the restrictions in use of the premises by Lessee resulting from such reconstruction, remodeling or addition. Thereafter Exxon shall adjust the rent by an amount which shall equably reflect its additional investment. Lessee shall have the right to terminate this lease on ten (10) days written notice to Exxon if such rental reduction by Exxon is not satisfactory to Lessee.

(8) Acceptance of Premises and Indemnity: **LESSEE ACCEPTS THE LEASED PREMISES, AND ALL BUILDINGS, IMPROVEMENTS AND EQUIPMENT WITHOUT ANY WARRANTY BY EXXON AT ANY TIME, EXPRESS OR IMPLIED, AS TO THEIR CONDITION OR FITNESS FOR ANY PURPOSE; and Lessee assumes the risk of and sole responsibility for and hereby agrees to indemnify and save harmless Exxon from any and all claims for injuries, death, loss and damage of any kind or character, to person or property, by whomsoever suffered or asserted, resulting from or arising out of the condition or use of the leased premises, all buildings, improvements and equipment or Lessee's operation thereon during the term of this lease or any renewal or extension thereof, and whether due to any latent or patent defect, except, however, when Lessee shall have given Exxon written notice of the existence of a defective condition for the repair of which Exxon is responsible under this lease and shall have taken all reasonable precautions to prevent the occurrence of any injuries, death, loss and damage attributable solely and directly to such defective condition.**

(9) Insurance: During the period this lease is in effect, Lessee further covenants and agrees to maintain solely at Lessee's expense the following insurance or the equivalent thereof: (i) garage liability insurance including coverage for all automobiles in minimum limits of $50,000 each person and $100,000 each occurrence for bodily injury liability and in the minimum limit of $25,000 each occurrence for property damage liability, or alternatively a minimum combined single limit of $100,000 for bodily injury and property damage liability; (ii) garagekeepers' legal liability insurance in a minimum limit of $25,000 per location; (iii) fire legal liability insurance covering the premises in an amount not less than $50,000. Lessee shall furnish Exxon with certified copies of each such policy of insurance and/or certificates of insurance.

(10) Casualty Damage: If said premises or any part thereof shall, during said term or previous thereto, be damaged by fire, storm, explosion or other casualty, whether or not of the same class or kind enumerated, not caused by the neglect, misuse or carelessness of Lessee, Lessee's employees, agents, representatives or contractors, and Exxon shall elect to repair the same, reduction will be made in the rent corresponding to the time during which and the extent to which the said premises may have been untenantable, but if the building or buildings should be so damaged that Exxon shall decide not to rebuild, the term of this lease shall cease and the aggregate rent be paid up to the time of such occurrence.

(11) Taxes: No obligation is imposed on Lessee by the terms of this lease for real estate and personal property taxes and assessments on the premises herein demised, but Lessee agrees to pay personal property taxes on Lessee's property and all other taxes, license fees, assessments and charges levied against or necessary for the operation of Lessee's business on said premises, including charges for sewer rent or service, water, telephone, gas and electric current consumed on said premises and any other services that may be furnished said premises.

(12) Condemnation: If the entire premises shall be taken by condemnation or sold to the condemning authority under threat thereof, this lease shall be automatically terminated on the date of such taking or sale. If a part only of the premises shall be so taken or sold, and the balance of said premises is not suitable for the operation of a drive-in gasoline service station, either party may terminate this lease at any time within forty-five (45) days following such taking or sale without liability to the other party therefor by giving written notice of termination to such other party. Any and all payments made for or arising from any such taking or for damages to the premises resulting therefrom shall belong and be payable entirely to Exxon, and Lessee hereby waives any right to any part of the award and hereby assigns same to Exxon.

(13) Termination: It is agreed that if Lessee has made any false or misleading statements in order to induce Exxon to grant this lease, or if Lessee becomes insolvent or commits an act of bankruptcy or takes advantage of any law for the benefit of debtors or Lessee's creditors, or if a receiver is appointed for Lessee, or if the premises are vacant or unattended for any period in excess of five (5) consecutive days, or if Lessee abandons the premises, then Exxon may at any time thereafter (immediately or otherwise) terminate this lease by giving Lessee written notice of Exxon's election so to do and this lease shall expire and come to an end on the date fixed in such notice as if said date were fixed herein for the expiration of the term hereof. It is further agreed that if any rent shall be due and unpaid, or if default shall be made in any of the covenants herein contained,

then Exxon may at any time thereafter terminate this lease by giving Lessee five (5) days written notice of Exxon's election so to do and this lease shall expire and come to an end on the date fixed in such notice as if said date were fixed herein for the expiration of the term hereof. In the event of the death of Lessee or in the event Lessee is declared incompetent to manage his property or affairs by any court, this lease shall terminate automatically. Upon any termination or expiration of this lease, Exxon may without formal demand or notice of any kind re-enter said premises and remove all persons and property therefrom. Lessee shall reimburse Exxon on demand for all reasonable costs (including attorneys' fees) incurred by Exxon in enforcing its rights or remedies hereunder.

(14) Notices: All notices required or permitted to be given by this lease shall be deemed to be duly given if delivered in writing personally or sent by mail to Exxon or to Lessee, as the case may be, at the addresses set forth above or to such other address as may be furnished by either party to the other in writing. The date of mailing shall be deemed the date of giving such notice.

(15) Quiet Enjoyment: Exxon covenants that Lessee on paying said rent and performing the covenants aforesaid shall and may peaceably and quietly have, hold and enjoy the said leased premises for the term aforesaid, subject to the provisions hereof.

(16) Prior Leases: This lease cancels and supersedes any prior lease between Exxon, as Lessor, and the above named Lessee, as Lessee, covering all or any part of the premises covered by this lease.

(17) Waiver: No waiver by either party of any breach of any of the covenants or conditions herein contained to be performed by the other party shall be construed as a waiver of any succeeding breach of the same or any other covenant or condition.

(18) Lessee's Business: It is understood that Lessee operates an independent business. Nothing in this lease shall be construed as reserving or granting to Exxon the right to exercise any control over Lessee's business or the manner in which same shall be conducted; but the control and direction of such business and operations shall be and remain in Lessee, subject only to Lessee's performance of the obligations of this lease.

(19) Severability of Provisions: Both parties expressly agree that it is the intention of neither party to violate public policy, statutory or common law and that if any sentence, paragraph, clause or combination of same is in violation of any law, such sentences, paragraphs, clauses or combinations of same shall be inoperative and the remainder of this agreement shall remain binding upon the parties hereto unless in Exxon's sole judgment, the remaining portions hereof are inadequate to properly define the rights and obligations of the parties, in which event Exxon shall have the right, upon making such determination, to thereafter terminate this agreement.

(20) Entire Agreement: **THIS LEASE CONTAINS THE ENTIRE AGREEMENT AND UNDERSTANDING BETWEEN EXXON AND LESSEE PERTAINING TO THE SUBJECT MATTER OF THIS LEASE AND THERE ARE NO ORAL REPRESENTATIONS, STIPULATIONS, WARRANTIES OR UNDERSTANDINGS RELATING THERETO WHICH ARE NOT FULLY SET FORTH HEREIN.** No amendment, addition to or alteration, modification or waiver of any provision of this lease shall be of any force or effect unless in writing and signed by Lessee and an authorized representative of Exxon, and except as provided herein, Lessee acknowledges no employee or representative of Exxon is authorized to make any representation or agreement modifying or amplifying the terms and conditions hereof.

(21) Headings: The headings of the paragraphs of this agreement are for convenience only and do not in **any way limit, amplify or otherwise affect the covenants and agreements contained in this instrument.**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed in duplicate.

Exxon Company, U.S.A.
(a division of Exxon Corporation)

Witness

By_____
(Lessor)

Witness

(L.S.)
(Lessee)

Dealer Employer Identification No. (EIN) _____ S.S. No. _____

DEALER LEASE

Dated _____, 19____

1. Chevron U.S.A. Inc., a California corporation ("Chevron"), with an office at _____, _____ hereby leases to _____ ("Dealer"), for a term of _____, commencing on the _____ day of _____, 19____, and ending on the _____ day of _____, 19____, the premises located in the City of _____, County of _____, State of _____, described as follows:

together with all buildings, improvements, fixtures, facilities and equipment (except signs) located thereon and together with any additions, replacements or substitutions thereto (hereinafter sometimes collectively called the "premises").

2. USE OF THE PREMISES — PETROLEUM MARKETING

The purpose of this Lease is the effective use of the premises by Dealer as a service station for the retail sale of petroleum products, merchandise and services normally available at Chevron service stations, and Dealer acknowledges that by this Lease Chevron has furnished him with a facility possessing the capability of meeting the requirements of the motoring public for such products, merchandise and services.

Dealer brings to this relationship the advantages and benefits of a private businessman and the commitment to develop the available business for such products, merchandise and services in the locale of the premises for both the Dealer's financial benefit and to maintain the value of the premises as a service station. Dealer recognizes and agrees that this commitment requires his personal management of the premises and that his failure to comply with the provisions of this Lease would adversely affect the motoring public's patronage at the premises and at other retail service stations supplied by Chevron. Dealer agrees to fulfill this commitment and the purpose of this Lease and:

A. To operate and manage the premises personally on a full-time basis;

B. To keep the premises open for such hours and days as are necessary to fully serve and develop the available business, and in no event less than those business hours of operation required to compete effectively with competitive service stations in the vicinity of the premises;

C. To maintain the premises in a clean and safe condition, with an appearance that is inviting to the motoring public, and to comply with all applicable Federal, state and local laws, ordinances, statutes and regulations pertaining to the use and operation of the premises;

D. To render professional driveway and automotive service to customers by providing trained, acceptably groomed, and uniformed service station personnel in numbers adequate to handle available business; and

E. To engage in no major motor vehicle repairs or other sales or service activities of a type that would conflict with the purpose of this Lease.

Competitive marketing practices within the petroleum industry may indicate that the use of the premises be changed to ensure its highest and best use. In the event Chevron elects to make such changes during the term of this Lease, such changes shall be made only with the consent of Dealer (although at the expiration of this Lease changes may of course be made without Dealer's consent).

Dealer shall secure Chevron's written consent prior to engaging in new sales, service or other revenue-producing activities in a manner which would require expanded use of any part of the premises. Where given, such consent will be conditioned upon the use of only such part of the premises for such purpose as agreed to by Chevron and Dealer, and upon the payment by Dealer to Chevron for such use of an amount to be provided in a "License-Non Service Station Use Agreement" which Dealer hereby agrees to enter into as a condition of such approval.

3. ASSIGNMENT — SUBLEASING

This Lease is personal to Dealer, and Dealer shall not: assign this Lease, or any interest therein; let or sublet any part or the whole of the premises; mortgage this Lease; become associated with any other person, directly or indirectly, as a partner or otherwise in regard to Dealer's interest or operations under this Lease; permit or suffer any lien or encumbrance to be placed upon the leasehold interest hereby created or any part thereof; or permit any other person, firm or corporation to occupy the premises or any part thereof as a tenant or otherwise.

4. RENT

Dealer agrees to pay Chevron a rental for use of the premises as follows:

A. **Basic Rent** — A basic rent during the term of this Lease as follows:

payable (1) equal monthly installments or (2) in accordance with a schedule, as shown below:

(1) Payable in equal monthly installments in advance on the first day of each and every calendar month (prorated for any period less than a calendar month) during the term hereof as follows:

	1st Lease Year	2nd Lease Year	3rd Lease Year
Basic Rent Per Month	$_____	$_____	$_____

(2) Payable in advance on the first day of each and every calendar month (prorated for any period less than a calendar month) during the term hereof in accordance with the following schedule:

	Per Month During Calendar Quarter Shown		
Quarter	1st Lease Year	2nd Lease Year	3rd Lease Year
First	$_____	$_____	$_____
Second	$_____	$_____	$_____
Third	$_____	$_____	$_____
Fourth	$_____	$_____	$_____

B. **Rental Surcharge** — Chevron shall have the right at its option to add a rental surcharge to the basic rent to be paid by Dealer during the term of this Lease by written notice to Dealer at any time prior to the effective date of such rental surcharge. Any rental surcharge to be added will be determined by Chevron prior to the first day of each calendar year and shall be payable by Dealer as additional rent in equal monthly installments in advance at the time of the basic rental payments described above; provided, however, that the rental surcharge imposed by Chevron and payable by Dealer for any calendar year (prorated for any period less than a calendar year) shall not be more than ten percent (10%) of the total rent (basic rent plus rental surcharges) payable under this Lease by Dealer during the preceding calendar year.

5. MAINTENANCE — UPKEEP — REPAIRS — REPLACEMENTS — ALTERATIONS — CONDITION OF PREMISES

A. In order to provide a clean, attractive facility, Dealer and Chevron shall perform the respective maintenance and other responsibilities assigned to them on Exhibit A, attached hereto and made a part hereof.

B. Dealer shall not make any additions, alterations, rearrangements or improvements to the premises, or any property thereon, or remove any such property therefrom, without Chevron's prior written consent. Dealer shall not, without Chevron's prior written consent, alter, remove, cover, add to or deface any paint or signs on the premises or on any property located thereon, or add additional paint or signs to the premises or to any property located thereon. Such pumps, tanks, containers or receptacles as have been furnished to Dealer by Chevron and are or may be marked as such, shall be used solely for the storing, handling or dispensing of products supplied by Chevron. Chevron will not unreasonably withhold consent to the required identification of, and installations to dispense, products Dealer desires to sell at the premises.

6. TERMINATION

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A. **Termination by Dealer**

Dealer may terminate this Lease without cause at any time during the term hereof, upon giving Chevron ninety (90) days' prior written notice of such termination.

B. Termination by Chevron — First Twelve (12) Months

Chevron may terminate this Lease without cause upon thirty (30) days' written notice of termination given at any time during the first twelve (12) full calendar months in which Dealer has been a tenant of the premises.

C. Termination by Chevron for Cause

Chevron may, in addition to its other remedies, terminate this Lease at any time during the term thereof upon giving Dealer ninety (90) days' prior written notice of such termination if any one of the following occurs:

(1) Violation of Chevron's trademarks, including commingling, mislabeling or misbranding of Chevron's motor fuels by Dealer;

(2) Continued customer complaints concerning Dealer's operation, the nature of which was communicated by Chevron to Dealer, or one such complaint involving a serious, improper act or omission, including unlawful, fraudulent or deceptive acts or practices;

(3) Physical or mental disability which renders Dealer unable to provide sufficient personal management to the business as a service station;

(4) Dealer by act or omission breaches or defaults on any covenant, condition or other provision of this Lease, which breach or default can be cured (such as nonpayment of rent as herein provided) and Dealer fails to cure said breach or default within ten (10) days after said written notice from Chevron which shall specify such breach or default; or

(5) Dealer by act or omission breaches or defaults on any covenant, condition or other provision of this Lease which breach or default cannot be cured.

D. Automatic Termination

In the event of Dealer's death, or if the premises are abandoned, or if the premises are closed for the operation of a service station for sixty (60) consecutive hours (this provision being in addition to Dealer's obligations under Paragraph 2 above), or if any bankruptcy, insolvency or receivership proceedings are instituted by or against Dealer, or if Dealer is convicted of fraud or criminal misconduct relevant to the operation of the premises, this Lease shall automatically terminate.

E. General

Waiver by Chevron of one or more breaches or defaults hereunder by Dealer shall not be deemed to be a waiver of any other or continuing breach or default hereunder. Termination of this Lease shall not relieve Dealer of responsibility for obligations incurred prior to termination.

7. DEALER — INDEPENDENT BUSINESSMAN

Dealer is engaged in an independent business and nothing herein contained shall be construed as granting to Chevron any right to control Dealer's business or operations or the manner in which the same shall be conducted, Dealer's obligation to Chevron hereunder being the performance of the terms and conditions of this Lease. Chevron has no right to hire or fire any employees of Dealer or to exercise any control over any of Dealer's employees, all of whom are entirely under the control and direction of Dealer, who shall be responsible for their acts and omissions. Dealer accepts exclusive liability for all contributions and payroll taxes required under Federal Social Security Laws and State Unemployment Compensation Laws or other payments under any laws of similar character as to all persons employed by and working for him.

Dealer shall, during the term hereof, at his own expense, maintain full insurance under Workmen's Compensation Laws, public liability and property damage insurance and fire legal liability insurance in the amounts and upon the terms specified in Exhibit B, attached hereto and made a part hereof. Chevron shall have no obligation to Dealer under this Lease until Dealer furnishes Chevron with certificates verifying that said insurance coverage has been obtained.

Dealer shall pay when due all license fees and privilege, occupational, sales, excise or other taxes of any character whatsoever now or hereafter levied, assessed or otherwise imposed by Federal, state or local governmental authorities, upon or as a result of the operations or improvements or property of Dealer on the premises.

8. INDEMNITY

Dealer shall indemnify, defend and hold harmless Chevron, its officers, agents and employees, together with its parent company, Standard Oil Company of California, from and against all expense, liability and claims for damage to property (including Dealer's property) or injury to or death of persons (including Dealer) directly or indirectly resulting, or alleged to result, from anything occurring from any cause on or about or in connection with the maintenance, upkeep, repair, replacement or operation of the premises, or anything located thereon.

9. DEALER EQUIPMENT

Upon termination of this Lease, neither Chevron nor any incoming Dealer shall have any obligation to purchase from Dealer any of Dealer's inventory, tools, equipment or supplies. Chevron agrees, however, to credit Dealer's account for the reasonable value of resale merchandise in merchantable condition which Dealer has purchased from Chevron, such credit not to exceed Dealer's cost; no credit shall be allowed for goodwill.

10. DESTRUCTION OR CONDEMNATION

In the event the premises or a substantial portion thereof are destroyed or taken by eminent domain (the filing of an eminent domain action shall be deemed a taking), or should the operation of the premises as a service station be prevented by any law, ordinance or act of lawful authority, either party may terminate this Lease upon seven (7) days' written notice to the other; provided, however, that Dealer shall have no right or interest in any damages or compensation awarded as the result of taking by eminent domain, which shall be the sole property of Chevron.

11. SURRENDER

A. Upon termination of this Lease, by expiration or otherwise, and Chevron's demand, Dealer shall peaceably and quietly surrender and yield up to Chevron the premises and all appurtenances in as good order, condition and repair as the same were in at the execution of this Lease, or into which they may be put, reasonable use and wear thereof excepted.

B. If Dealer holds over after the expiration of the term hereof with or without Chevron's express or implied consent, such holding over shall not create a renewal of this Lease by operation of law or otherwise, but shall create only a tenancy for month-to-month and for no longer term, upon all the terms and conditions hereof.

12. EFFECT OF THIS LEASE ON PRIOR LEASES BETWEEN THE PARTIES

This agreement supersedes and terminates all prior leases or subleases between Chevron and Dealer covering the premises.

13. UNDERLYING ESTATES

A. Chevron's interest in the premises is or may be a leasehold estate derived from a third party whose interest in the premises may or may not be of record. This Lease is subordinate to all the terms and conditious of any lease now in effect, or hereafter entered into, with such third party evidencing such leasehold estate of Chevron. This Lease, at Chevron's option, shall terminate if said lease with such third party is terminated in any manner or by either party thereto and Chevron shall in no way be liable to Dealer for such termination, whether voluntary or involuntary. Dealer agrees that he will not, by act or omission, breach any of the terms and conditions of Chevron's lease with the third party of which Dealer has notice.

B. In order that Chevron may ascertain and verify the calculation of rents under the above-mentioned third party lease, if the rent thereunder is based on receipts from sales of products or services at the premises, Dealer agrees to keep accurate books and records of the quantity and dollar amount of all his sales of merchandise and services, and of his merchandise cost prices, and to make such books and records available to Chevron for inspection during regular business hours. Dealer further agrees that, if requested by Chevron, Dealer will give Chevron on or before the 10th day of each month a written statement of all business done at the premises during the preceding month in such form and detail as to substantiate the calculation of rents under the third party lease for the preceding month.

14. SUPPLY CONTRACT

Concurrently herewith Chevron and Dealer have entered into a Three Party Dealer Supply Contract for the sale by Chevron and purchase by Dealer of Chevron's products (as therein defined). Dealer, as a covenant of this Lease, agrees that the breach of or default on any of the terms or conditions of said Supply Contract shall constitute a breach of this Lease, and that the cancellation or termination of said Supply Contract shall, at the option of Chevron, cancel or terminate this Lease.

15. PARAGRAPH HEADINGS

The captions and headings throughout this Lease are for convenience of reference only, and the words contained therein shall in no way be held or deemed to define, limit, describe, explain or modify the meaning of any provision, or the scope or the intent of this Lease.

16. NOTICE

All notices to be given under this Lease shall be in writing and shall be made by Certified Mail, Return Receipt Requested, addressed to Dealer at _____, and to Chevron at _____.

IN WITNESS WHEREOF, the parties hereto have executed this Lease on the date first above written.

CHEVRON U.S.A. INC. 2286

By _____

_____

Dealer

D-284-D-Nv. (Rev. 11/76)T

SERVICE STATION LEASE

THIS IS A LEASE dated _____, 19___, between SHELL OIL COMPANY, a Delaware corporation with offices at _____ in _____ ("Shell"), and _____ of _____ in _____ ("Lessee").

1. LEASE. Shell hereby leases to Lessee, and Lessee hereby leases from Shell, the automobile service station premises located at _____ _____, consisting of the land there owned or leased by Shell, to the extent now occupied for use as an automobile service station, and the buildings, improvements and equipment now comprising the service station on the land (collectively "Premises"). Lessee acknowledges receipt of the Premises in good and safe condition and repair. Shell shall have the right from time to time, without liability to Lessee, to make alterations or additions to or remove any buildings, improvements or equipment on the Premises, but any such alteration, addition or removal shall not unreasonably interfere with or restrict the use for which the Premises are herein leased.

2. TERM. This lease shall be in effect for the term beginning on _____, 19___, and ending on _____, 19___, but may be terminated by Lessee at any time by giving Shell at least 90 days' notice, or may be terminated by Shell as provided in the succeeding articles hereof.

3. RENT. Lessee shall pay Shell, as rent for each calendar month:

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Lessee shall keep accurate records of all motor vehicle fuels delivered to and sold at the Premises, and shall permit Shell at any time to inspect the same (including the pump meters) and to gauge the storage tanks. Lessee acknowledges that the rent payable to Shell hereunder for the use of the Premises is in the nature of a percentage of gross sales rental and that therefore Shell has an interest in assuring maximum potential motor vehicle fuel sales at the Premises, consistent with the public interest and consumer needs, in order to insure to Shell the receipt of the full rental value thereof. Lessee further acknowledges and agrees that all obligations undertaken by Lessee under this Lease are essential and reasonable for the purpose of assuring to Shell the realization of such rental value.

4. SECURITY. Shell acknowledges receipt from Lessee of the sum of _____ Dollars ($_____) as a non-interest bearing deposit (which may be mingled with Shell's other funds) to secure Lessee's performance of Lessee's obligation under this Lease and the payment of any indebtedness of Lessee to Shell, whether under this Lease or otherwise. Shell may, from time to time, apply all or any part of that sum to the payment of such indebtedness; and upon Shell's demand, Lessee shall deposit with Shell additional sums equal to those so applied. Within a reasonable time after termination of this Lease, Shell shall return to Lessee any unapplied balance of the sums deposited by Lessee hereunder.

5. USE. The Premises shall be used only for operation of the automobile service station existing on the date of this Lease, including the retail sale of petroleum products and automotive accessories, and minor repairs and services for motor vehicles (but excluding the selling, leasing, parking or storing of motor vehicles, trailers, boats or any other mobile equipment). Lessee shall devote Lessee's best efforts to maximize sales of motor vehicle fuels, consistent with the public interest and consumer needs, in order to insure to Shell the receipt of the full rental value of the Premises, and, to that end, shall keep the service station open and fully illuminated at least from _____ A.M. to _____ P.M. each day, excepting _____. Lessee shall satisfy all regulatory requirements and timely pay all charges incident to Lessee's use of the Premises and the business conducted thereon, including all Federal, state and local taxes and assessments, and license, permit, occupation and inspection taxes and fees, all water, sewer, waste disposal, gas, electricity, telephone and other utility charges (all meters and accounts for which shall be in Lessee's name unless Shell, in its discretion, directs otherwise to protect the Premises or itself against possible liens or claims), and all taxes on Lessee's property on the Premises; and if Lessee fails so to do, Shell may (but shall not be obligated to) pay the same and charge them to Lessee. Lessee shall not maintain or permit any dangerous animal or other dangerous condition or attractive nuisance on the Premises. Lessee shall comply with all Federal, state and municipal laws, ordinances, regulations, orders, licenses and permits relating to the Premises or any use thereof or to any act or activity on the Premises; and Lessee shall not commit or permit any fraudulent or illegal act or activity or any consumption of intoxicating beverages on the Premises. Without Shell's prior written consent, Lessee shall not make any attachments or additions to, or any alterations of, any building or other improvement on the Premises, or construct any additional buildings or structures thereon. Any such change to which Shell may give its consent shall be made in accordance with Shell's specifications and by a contractor approved by Shell, which consent and approval shall not be unreasonably withheld, and upon completion shall become a part of the Premises and property of Shell.

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6. MAINTENANCE-REPAIRS-REPLACEMENTS. Subject to the following provisions of this article 6, Lessee shall at all times maintain the Premises (including adjacent sidewalks and driveways, easements and all landscaped areas) and Lessee's own property and equipment thereon in good condition and repair, and keep the same (including the rest rooms) neat, clean and orderly. To those ends and always promptly as needed, Lessee shall perform the maintenance and make the repairs and replacements to Shell's property (or any of Lessee's property) which are specified in Exhibit A attached hereto and made a part hereof, including any such maintenance, repairs or replacements as may be required by any new or amended Federal, state or local law, ordinance, regulation or order; and if and whenever Lessee fails so to do, Shell may perform or make the same. Shell shall make all other repairs and replacements to Shell's property which Shell deems necessary or desirable, provided that Lessee gives Shell prompt notice of each such other repair or replacement which Lessee deems necessary. As to any maintenance, repair or replacement specified in Exhibit A which Lessee fails to perform or make, or as to any such other repair or replacement concerning which Lessee fails to give Shell the above-required notice, or which is necessitated, either partly or solely, by any negligent or otherwise wrongful act or omission of Lessee or Lessee's employees: Shell may charge to Lessee its actual cost of performing such maintenance or making such repair or replacement, or, in lieu of performing or making the same, may charge to Lessee what would have been the reasonable cost thereof. If the Premises are made unfit for occupancy by any cause, either Shell or Lessee may terminate this Lease by giving the other notice. Shell may enter the Premises at any time for the purposes of inspecting the same, performing maintenance, and making repairs, replacements, alterations, additions and removals. Lessee shall not be released of any obligation for maintenance, repairs or replacements hereunder by any termination, for whatever cause, or the expiration of this Lease.

7. INDEMNITY-REPORTS. Lessee shall defend and indemnify Shell against all claims, suits, loss, liability and expense on account of injury or death of persons (including Lessee and Lessee's employees and including injury to personal rights and relations) or damage to property (except Shell property as to maintenance, repairs or replacements for which Shell is responsible under article 6), or for liens on the Premises, caused by or happening in connection with the Premises (including adjacent sidewalks and driveways) or the condition, maintenance, possession or use thereof or the operations thereon. Within 24 hours after every occurrence of any such injury, death or damage, or the imposition of any such lien, Lessee shall report the same to Shell by notice (or verbally promptly confirmed by notice), including all circumstances thereof known to Lessee or Lessee's employees.

8. ASSIGNMENT-SUBLEASING. Lessee shall not assign or encumber this Lease or permit any assignment or encumbrance hereof by operation of law or otherwise, or sublease, or permit any other party to occupy or use, all or any part of the Premises, without Shell's prior written consent. The foregoing shall apply, without limitation, to any assignment, encumbrance or sublease in favor of, or use or occupancy by, a corporation, partnership, association or other business entity in which Lessee has an interest.

9. DEFAULTS-REMEDIES. If Lessee (a) commits or permits any violation of law, fraud or criminal misconduct involving the business conducted on or from the Premises, or (b) causes or permits any adulteration, commingling or contamination of, or misrepresents any product sold on the Premises, or (c) defaults in payment of rent or any other indebtedness to Shell under this Lease and fails to remedy the same within 10 days following written demand from Shell, or (d) fails, for whatever reason, to keep the service station regularly open for business, as required by this Lease, for any period exceeding 72 consecutive hours, or (e) fails to act in good faith in carrying out the terms of this Lease (which failure shall be deemed to exist, without limitation, whenever Lessee's past breaches of the terms of this Lease, although individually perhaps not sufficient to justify a termination, cumulatively reflect an unwillingness or inability of Lessee to acceptably perform his obligations as a whole under this Lease), or (f) voluntarily or involuntarily enters any bankruptcy, receivership, insolvency or other like proceeding, or makes an assignment for the benefit of creditors, or (g) dies, or (h) defaults under any provision of this Lease not embraced in this article 9: Shell may, at its option and subject to any limitations imposed by applicable law (including any limitations on notice periods), terminate this Lease upon notice to Lessee. Either Shell or Lessee, at their respective options, may terminate this Lease on giving the other notice if at any time any Federal, state or local law, ordinance, regulation or order shall prevent the continued use or occupancy of the Premises (either directly or by requiring specified alterations at a cost which is disportionate with the value of the Premises for such continued use or occupancy) for the purposes for which such Premises are being used immediately prior to the effectiveness of such law, ordinance, regulation or order.

Following any termination pursuant to the foregoing provisions of this article 9, or any other provisions of this Lease, Shell may re-enter and repossess the Premises, without prejudice to any other rights or remedies provided hereunder or by law. At any termination of this Lease, Lessee shall peaceably surrender the possession of the Premises to Shell. As to any of Lessee's property which Lessee fails to remove from the Premises at termination of this Lease, Shell shall have the right to sell all or any part of same for Lessee's account on such terms as Shell may desire, but with the rights in Shell to apply the proceeds of such sale, after reimbursing itself for the costs thereof, to the payment of any indebtedness of Lessee to Shell, whether under this Lease or otherwise, and to purchase any or all such personal property. All sums charged to Lessee by Shell under the provisions of this Lease shall be payable by Lessee to Shell on demand, and shall bear interest therefrom at the rate of 8% per annum (or, if less, the maximum rate permitted by applicable law) until paid. Either party's right to require strict performance of the other's obligations hereunder shall not be affected by any previous waiver, forbearance or course of dealing.

10. UNDERLYING ESTATES-CONDEMNATION. If Shell does not own the Premises, this Lease (a) is subject to all the provisions of the lease under which Shell is now entitled to possession and (b) shall terminate automatically upon expiration or any sooner termination (by Shell or otherwise) of such lease; and Lessee shall not commit or permit any act or omission which would impair or jeopardize Shell's interest under its lease. If all or any part of the Premises is condemned for public or quasi-public use so as to prevent or substantially restrict the continued use or occupancy of the Premises for the purposes hereof, or is (as it may be) voluntarily conveyed by Shell to any party having and intending to exercise the power so to condemn, either Shell or Lessee may terminate this Lease by giving the other at least 60 days' notice; and whether or not this Lease is so terminated, Lessee assigns to Shell all of Lessee's right to or interest in any award or settlement for such condemnation or conveyance in lieu thereof.

11. LESSEE'S BUSINESS. Nothing in this Lease, or now or ever hereafter on or part of the Premises, shall be construed as granting to Lessee any franchise, license or other right to use any of Shell's trademarks, trade names or color schemes; and Shell reserves the right to remove or obliterate any thereof now or ever hereafter on or part of the Premises as to which Lessee does not have the right of use under any separate agreement. Nothing in this Lease shall be construed as reserving to Shell any right to exercise any control over, or to direct in any respect the conduct or management of, the business or operations of Lessee on the Premises; but the entire control and direction of such business and operations shall be and remain in Lessee, subject only to Lessee's performance of the obligations of this Lease. Neither Lessee nor any person performing any duties or engaged in any work on the Premises for or on behalf of Lessee shall be deemed an employee or agent of Shell.

12. NOTICES. Every notice hereunder shall be in writing, may be given to Lessee by personal service or to either Lessee or Shell by certified or registered letter or telegram, and, in the latter instances, shall be deemed given when the letter is deposited in the mail or the telegram with the telegraph company, postage or charges prepaid, and addressed to the party for whom intended at such party's address first herein specified, or at such other address as such party may have substituted therefor by notice so given to the other. If any time period provided herein for giving notice is less than that required by applicable law, the period provided herein shall be deemed amended so as to conform with the requirements of such law.

13. SUBSEQUENT LEASES. If by operation or effect of law Shell is required to continue its relationship established hereunder with Lessee beyond the term specified in article 2 hereof and the parties do not conventionally extend or renew this Lease, then the extended or renewal lease thus required after such specified term shall be in accordance with the same terms and conditions as were last provided in this Lease, except that it shall be for a term of one year regardless of the term specified in said article 2 or, if a longer term is required by law, for the minimum term so required. Nothing in this article 13 shall be construed to limit Shell's right to propose amended or additional terms (including, without limitation, rent terms) in any such lease required by operation or effect of law subsequent to the term specified in article 2 hereof, or subsequent to the term of any such extended or renewal lease. If Shell desires such amended or additional terms in any such subsequent lease, or in any other lease proposed to replace this Lease, Shell shall give Lessee notice at least 120 days prior to the last day of the term of this Lease, or of any such extended or renewal lease, that it proposes to renew the lease then in effect on such amended or additional terms which shall be specified in the notice or in a modified form of lease furnished therewith. If, by the 100th day before the end of the term of the lease then in effect, the parties, notwithstanding their mutually good faith efforts to do so, have not agreed in writing on the terms of the renewal lease, Shell shall have the right (and shall be deemed to have good cause) to not renew the lease then in effect by giving Lessee at least 60 days' notice of non-renewal prior to the end of the term thereof.

14. **NONRENEWAL. Without limiting any rights which Shell may otherwise have hereunder or by law, Shell shall have good cause for the nonrenewal of this Lease,** within the meaning of any applicable Federal or state law, regulation or order requiring cause for nonrenewal of a lease, if at the expiration of the term of this Lease, or any extension or renewal hereof, Shell: (a) has the right under any particular provision hereof to terminate this Lease, or (b) as the owner of the Premises, elects to sell, exchange or otherwise transfer the Premises to a third party, or (c) as the lessee of the Premises, elects to relinquish its leasehold estate or interest in the Premises to its lessor or to assign same to a third party, or (d) as either the owner or lessee of the Premises, elects to discontinue use of the Premises for the purposes for which then leased hereunder for a continuous period of not less than one year.

15. SEVERABILITY. If any provision of this Lease or the application thereof to any person or circumstances is found or held to be invalid for any reason, the invalidity shall not affect other provisions or applications of this Lease which can be given effect without the invalid provision or application in a manner which will not frustrate the essence of the lease bargain, and to this end the provisions of this Lease are severable.

16. ENTIRETY-EXECUTION-SUCCESSION. This Lease terminates, as of the beginning date of its term, any prior lease by Shell to Lessee of the Premises, and merges and supersedes all prior representations and agreements, and constitutes the entire contract between Shell and Lessee concerning the subject matter or in consideration hereof. Neither this Lease nor any subsequent agreement amending, supplementing or terminating this Lease shall be binding on Shell unless and until it is signed for Shell by a representative duly authorized by its Board of Directors. Subject to articles 8 and 9, this Lease shall bind and benefit Lessee's heirs, estate and assigns, and Shell's successors and assigns.

EXHIBIT A IS ON PAGE 5 HEREOF.

EXECUTED as of the date first herein specified.

_____ SHELL OIL COMPANY

_____ By_____

Lessee

Exhibit A
to Service Station Lease
LESSEE'S MAINTENANCE, REPAIR AND REPLACEMENT OBLIGATIONS

A. Yard
1. Natural landscaping: water, fertilize, weed and trim (or replace) grass and shrubbery as necessary to maintain healthy and attractive condition.
2. Artificial landscaping: Maintain and replace as necessary to preserve original appearance.
3. Repair and replace sprinkler heads.
4. Regularly remove leaves, debris and litter.
5. Remove snow and ice from the Premises (including adjacent sidewalks, driveways and easements).

B. Lighting
Maintain and replace all lamps and bulbs, ballasts, starters and sockets in the interior and exterior of building, canopies, pump islands and yard (excluding internally illuminated Shell identification signs).

C. Plumbing
1. Clear catch basins, clogged toilets, building lube bay drains and on property sewer lines.
2. Repair toilet flush mechanisms and leaky faucets.
3. Drain water lines to prevent freezing.

D. Heating-Air Conditioning
Replace air filters.

E. Glasswork
Replace all window and door glass and mirrors, whenever cracked or broken, including damage due to vandalism and accidents.

F. Floors
Restore floors to original condition upon removal of equipment installed by or at request of Lessee.

G. Painting
Minor touch-up, in accordance with Shell's specifications.

H. Tanks
1. Check for leakage and water (daily).
2. Empty waste oil tank.

I. **Pumps-Dispensers**

1. Lubricate any gasoline suction pumps in use. (Where motor and pump are contained in dispenser housing, lubricate suction pump weekly or as needed. Also check and adjust belt tension.)
2. Maintain and replace gasoline hoses and retractor cables.
3. Maintain and replace pump glass.
4. Maintain, repair and replace air and water hoses, nozzles, couplings and air chucks.
5. Maintain, repair and replace gasoline nozzles.

J. Air Compressor

1. Drain water once each week.
2. Add or change oil per manufacturer's operating instructions.
3. Maintain air filter per manufacturer's operating instructions.
4. Oil motor bearings once each month.

K. Other Equipment

Maintain, repair and replace motor oil cabinets, tire changer, driveway bell system and all lubrication equipment.

L. Miscellaneous

1. Repair and replace all locks and keys, door closers and latches.
2. Lubricate overhead door tracks as needed.
3. Replace electrical fuses and/or reset circuit breakers.
4. Check weekly all fire extinguishers. Recharge as needed.
5. Take necessary pest control measures.

SERVICE STATION LEASE CO-1699 A (12-71)

THIS LEASE is made ....., 19..., between MOBIL OIL CORPORATION, a New York corporation, hereafter called Landlord, having an office at ..... and ....., jointly and severally, if more than one, hereafter called Tenant, of .....

1. Premises. Landlord hereby leases to Tenant and Tenant hereby hires and takes the following premises:

.....

.....

.....

.....

.....

.....

including the improvements and equipment, except Mobil identification signs, now or hereafter placed thereon (hereafter collectively called the premises), subject to any state of facts an accurate survey might show, to easements, encumbrances, restrictions of record, existing or future mortgages and any underlying lease, but excluding any of the premises which are the subject of any prior lease by Landlord, its predecessors or assignors.

2. Term. The term of this lease shall be for an original period of ..... year(s) beginning ..... and ending ..... and for successive renewal periods of ..... thereafter, at the last year's rent stated herein, provided, that it shall terminate at the end of any current period (original or renewal) by notice from either party to the other, given not less than 90 days prior to such termination, and provided further that it may be terminated by Tenant at any time on not less than 90 days' notice to Landlord. Landlord may terminate this lease at any time during the first 12 months of the term on not less than 30 days' notice to Tenant, provided that said 12 month period shall be reduced by the length of time that Tenant has operated as a dealer of gasoline supplied directly by Landlord at the premises prior to the execution of this lease. If the term of this lease or any renewal thereof extends beyond the current term of any underlying leasehold interest owned by Landlord, this lease shall automatically terminate on the termination of such interest for any reason, including Landlord's failure to exercise any renewal option.

3. Rental.

4. Use. Tenant acknowledges that the value of the premises to each party to the lease is in direct proportion to the successful operation of an automotive service station and agrees that the premises shall be used principally for such purpose and operated:

(a) from ..... a.m. to ..... p.m. on weekdays
and from ..... a.m. to ..... p.m. on Sundays
and holidays during the months of .....
and from ..... a.m. to ..... p.m. on weekdays
and from ..... a.m. to ..... p.m. on Sundays
and holidays during the other months of the year;
(b) 24 hours per day, ... days per week;
(c) .....
.....
.....

Tenant further acknowledges and agrees that the premises shall not be used in connection with the sale of alcoholic beverages or any purpose prohibited by law, ordinance, covenant, condition or restriction.

5. **Maintenance Obligations—Landlord.** Landlord, at its expense, shall make repairs (including painting) deemed necessary by it to keep such of the following improvements and equipment as are covered by this lease in good operating condition, provided the necessity therefor is due to ordinary wear or to damage by the elements; air compressors, lifts, air towers, fuel pumps (including non-automatic nozzles and hoses), fuel tanks and lines, lubricating equipment, pavements and driveways, signs, wiring, piping, overhead doors (except glass therein), roofs, walls and foundations of buildings. Landlord's obligation to repair shall not arise until (a) Landlord is notified that the item in question is not in good operating condition and (b) Landlord shall have determined in its uncontrolled discretion and within a reasonable period that the necessity for repair is due to a cause referred to above. Tenant shall either make the item harmless or shall not use it or permit it to be used until repaired. In lieu of repairing, Landlord may make replacements.

6. **Maintenance Obligations—Tenant.** Tenant agrees at its expense (a) to maintain the premises in good, safe and operating condition and promptly to make all repairs or replacements necessary for that purpose, including but not limited to plate glass damage (except to the extent that Landlord shall make repairs or replacements as provided in Section 5), (b) to keep adjacent sidewalks, curbs and drives in good and safe condition and free from snow, ice and obstructions, (c) to provide adequate water, maintenance and care necessary to sustain all plants, shrubs and grassy areas on or about the premises, (d) to keep filled and ready for operation all fire extinguishers on the premises, (e) in order to contribute to the health, safety and comfort of the motoring public and to promote the cleanliness and good appearance of the general community, to keep the rest rooms clean, neat, sanitary and supplied adequately with towels, toilet paper and soap and to keep the premises in clean, orderly and well-lighted condition, free of trash, junk and debris, and (f) to dispose of all wastes such as waste oil, used tires, batteries and other refuse so as not to contribute to water and air pollution. Tenant further agrees to comply with all the requirements of local, state and federal authorities with respect to water and air pollution. If Tenant does not dispose of such waste in a proper manner or is not, in Landlord's opinion, complying with said water and air pollution requirements, Landlord at its option may do so without liability to Tenant for business loss, and the cost thereof shall be paid by Tenant. If Tenant does not maintain and repair the premises and make replacements, Landlord at its option may do so, without liability to Tenant for business loss, and the cost thereof shall be paid by Tenant.

7. **Other Obligations of Tenant.** Tenant agrees: (a) to supply and maintain all equipment necessary for Tenant's operations hereunder not supplied by Landlord as part of the premises, (b) not to make or permit alterations or additions to the premises or to place any additional structures on the premises without Landlord's prior written approval, except that Tenant may, without such approval, install storage and merchandising equipment for petroleum products, tires, batteries and automotive accessories if removable without damage to the premises, (c) not to place rental devices or equipment on the premises without Landlord's prior written consent, except that Tenant may, without such approval, install storage and merchandising equipment for soft drinks, candy and tobacco products if removable without damage to the premises, (d) to keep legible and visible all brand names, trademarks and signs of Landlord on Landlord's pumps, containers, and equipment now or hereafter placed on the premises and to use such pumps, containers, and equipment solely for Landlord's products, (e) to permit Landlord to enter the premises to make inspections, to post notices or for any other purpose without liability for any interference with Tenant's business, (f) to pay all utility charges and other expenses, except as otherwise provided in this lease, and all taxes and fees imposed on the premises or the use thereof, except real and personal property taxes on the land and buildings and on Landlord's equipment unless otherwise provided in any underlying lease between Landlord and Tenant, (g) to comply with all requirements of competent authorities with respect to the premises and sidewalks, drives and curbs adjacent thereto, and of the Board of Fire Underwriters and similar organizations, (h) to accept the premises in their present condition which is known to Tenant, (i) not to hold Landlord responsible for any defect in, or change in conditions affecting, the premises or for any damage to the premises except as provided in Section 5, (j) to keep the premises free of all liens and claims, (k) to waive all present and future rights of redemption or repossession and all demands or notices for rent, entry or re-entry, or in connection with any action to recover possession, (l) to waive any right in any appropriation, condemnation or eminent domain awards, and (m) on any termination of this lease to surrender the premises to Landlord, without notice from Landlord, in good order and condition.

8. **Termination.** If tenant has made false or misleading statements in order to obtain this lease, or is in default hereunder, or if any supply contract between the parties covering the delivery of products at the premises is terminated, or if the premises are closed for the operation of a service station for 60 or more consecutive hours, or if any insolvency, bankruptcy, or receivership proceedings are instituted by or against Tenant, or if Tenant takes advantage of any law for the benefit of debtors, or if any execution or levy shall issue against Tenant or Tenant's effects, or if any disability on the part of Tenant, other than Tenant's death, prevents personal supervision by Tenant of the performance of the obligation under this lease, or if any part of the premises shall be taken for public or quasi-public use, Landlord may, on the happening of any such event, terminate this lease on notice to Tenant. In the event of Tenant's death, this lease shall automatically terminate. On any termination, Landlord may re-enter and repossess the premises without prejudice to Landlord's accrued rights.

9. **Notices.** All notices hereunder shall be in writing and shall be delivered personally (to an officer or manager in case of Landlord) or sent by registered or certified mail to the address specified above unless changed by notice. Notice by mail shall be deemed given on the date such notice is deposited in the United States mail, postage prepaid, and properly addressed.

10. **Miscellaneous.** Any assignment, mortgage or pledge of this lease or any interest therein or any subletting of the premises, in whole or in part, by Tenant without Landlord's written consent shall be void. This instrument, including any documents incorporated herein, contains the entire agreement covering the subject matter and supersedes any prior lease between the parties with respect to the premises. All rights and remedies of Landlord are cumulative. Landlord's right to require strict performance shall not be affected by any previous waiver or course of dealing. If Tenant fails to perform any obligation hereunder, Landlord may perform same and charge Tenant with the expense as rent hereunder.

Witnesses:

MOBIL OIL CORPORATION

By .....
Manager

..... Tenant

....(L.S.)

....(L.S.)

2297

Service Station Lease

Union Oil Company of California

union 76

Station # _____

DATE: _____, 19 _____

LESSOR: Union Oil Company of California (Union)

Street Address _____

City and State _____ Zip Code _____

LESSEE: _____

_____

Residence Address _____

City and State _____ Zip Code _____

STATION PROPERTY:

Street Address _____

City _____

County and State _____ Zip Code _____

See Exhibits B & C for leased property description ("Station")

The provisions of this lease are set forth in the "Recitals" and "Terms and Conditions" (Paragraph 1 through 22) and Exhibits A, B, C and D attached hereto and made a part hereof. A subject matter index will be found at the end.

LESSOR	**LESSEE**
Union Oil Company of California	_____
By _____	_____

RECITALS

It has been explained to Lessee and Lessee acknowledges that he thoroughly understands that the successful operation of the Station depends on the ability of the parties to generate acceptance by the public of products and services sold at the Station. The responsibility of promoting acceptance of Union's products rests primarily with Union through its continued development of quality products for sale by Lessee and through its national and local advertising on behalf of Union and all sellers of its products. Lessee agrees that the responsibility to develop and retain service acceptance by the motoring public at the Station, to supplement product acceptance, rests entirely with the Lessee. Lessee acknowledges that such acceptance can be generated only through courteous and efficient customer service, the maintenance of a clean, neat and orderly business establishment, the adherence to regularly scheduled hours of operation, fair and honest selling techniques, and the maintenance of a complete inventory of good quality merchandise to serve adequately and quickly the needs and desires of the motoring public. Since Lessee may use Union's trade names and trademarks in the sale of merchandise obtained from Union, Lessee agrees to render the type of service that will maintain the integrity and good reputation which Union's name has attained.

NOW, THEREFORE, Union leases to Lessee and Lessee leases from Union the real and personal property described in Exhibit B and C subject to the following terms and conditions:

TERMS AND CONDITIONS

1. TERM

The term of the Lease commences_____, and terminates _____. The Lease ends automatically and without notice on the termination date. If the Lessee remains in possession of the Station after the termination date with Union's express or implied consent, Lessee is a tenant from month to month on the terms and conditions specified herein. This Lease may be cancelled prior to the expiration date pursuant to Paragraph 11, 14, 15, or 17.

2. RENTAL

Fixed	$_____ per calendar month
Motor Fuel Gallonage	_____¢ a gallon
Minimum Rent	$_____per month – annum

Lessee shall pay gallonage rental on motor fuel delivered to or at Union's option dispensed from the Station, and computed during each lease year. Gallonage rental shall be due and payable at the time of each settlement or delivery of motor fuel. Fixed rental shall be paid in advance on or before the first day of each month.

Lessee shall pay any deficiency in the minimum rental within 30 days following the monthly/annual applicable period. Rental shall be prorated for any fractional period of a calendar month or lease year.

3. LESSEE AS INDEPENDENT CONTRACTOR

Lessee is an independent contractor with the right and obligation to direct and control the business operations of the Station including the establishment of the prices at which products and merchandise are sold. Union reserves no control over the business at the Station. Lessee has no authority to employ anyone as an employee or agent of Union for any purpose. Any person performing work at Lessee's request is an employee or agent of Lessee and not of Union.

4. STATION MAINTENANCE AND SERVICES

Lessee shall:

(a) Operate the Station responsibly, with care, prudence, good judgment, skill and courtesy, and not engage in dishonest, fraudulent or scare selling practices;
(b) Promote diligently the sale of all products and services;
(c) Perform all services in a good, workmanlike manner;
(d) Maintain a complete supply of motor fuel and other petroleum products and inventories of tires, batteries and accessories normally handled by a service station;
(e) Maintain the restrooms in a clean, sanitary and well lighted condition and adequately provided with necessary supplies;
(f) Keep the Station open for business and properly lighted during all hours of operation specified in Exhibit D;
(g) Provide sufficient trained, courteous and neat appearing personnel to serve the needs and desires of the motoring public;
(h) Keep the Station, driveways, yards, lawns, shrubs and other plantings, neat and free from weeds, debris, snow, ice and rubbish;

5. STATION USE

Lessee shall:

(a) Use the Station solely for the purpose of operating a first class motor vehicle service station for the sale of motor fuel and other petroleum products, tires, batteries, accessories and other merchandise and services customarily supplied by a service station;
(b) Not use the premises for storage of junk, disabled vehicles, used tires or batteries;
(c) Not perform automobile services not included in Union's Certified Automotive Service Program;
(d) Not use the Station, without the prior written consent of Union, for auto, truck or equipment rentals or as a parking lot;
(e) Not obstruct any entrance, exit, pump island or service area so as to deny free access to the motoring public or block delivery carriers' access to storage fill pipes;
(f) Store and dispense products only from pumps, tanks or containers identified with the supplier's trademarks or trade names;
(g) If the construction, maintenance and/or operation of the Station is pursuant to a conditional use permit or other approval ("permit") by a zoning board or other governmental agency, use the Station in accordance with all the requirements contained in such permit. If the Station is subject to such a permit a copy will be delivered to Lessee and Lessee agrees to acknowledge receipt of the copy on a form provided by Union.
(h) Conduct all operations in strict compliance with all laws, ordinances and regulations of governmental authorities;
(i) Not display signs except those usual and customary to advertise products and services offered for sale at the Station by Lessee;
(j) Not place any buildings or other permanent improvements at the Station or remove or make any alterations or changes in or to the existing buildings and permanent improvements at the Station, except such additions or alterations as may be necessary for the purpose of identifying, storing or dispensing the products sold at or from the Station; provided, however, that no additions, alterations or improvements may be made which reduce or diminish the value of the Station.
(k) Not store or sell intoxicating liquors or illegal or prescription drugs, or permit the same to be used or consumed at the Station.

6. MAINTENANCE, REPAIR AND OPERATING EXPENSES

(a) Lessee shall, at his expense: (i) Maintain the Station in accordance with the standards enumerated in Paragraph 4; (ii) Make all repairs and replacements described in Exhibit A; (iii) Pay all water, gas, electricity, telephone and other utility bills and arrange for the transfer of all meters and accounts to Lessee's name; (iv) Pay all premiums and contributions required by Workmen's Compensation, Unemployment Insurance, old age benefits and other programs measured by the remuneration paid by Lessee to his employees; (v) Pay all license, occupation and business fees connected with Lessee's operation of the Station; and (vi) Pay all costs of withdrawing,

distributing and selling products at the Station. If Lessee fails to fulfill the obligations set forth in (i) or (ii) above, Union may take care of such maintenance and make repairs and replacements, and Lessee shall reimburse Union on demand.

(b) Union shall be responsible for all maintenance, repair and replacements not specifically covered above.

7. TAXES

Lessee shall pay all taxes levied or imposed on (i) Lessee's property located at the Station, and (ii) Lessee's operations pursuant to this Lease including the withdrawal, distribution, sale or delivery of the products handled at the Station.

8. LESSEE'S INSURANCE REQUIREMENTS

(a) Lessee shall obtain insurance as follows: (i) Garagekeeper's Legal Liability insurance covering fire, theft of an entire automobile, and collision, with a minimum limit of Nine Thousand Dollars ($9,000.00) each occurrence; (ii) Comprehensive General Liability insurance covering operations and premises, complete operations and products liability and contractual liability, all with minimum bodily injury limits of One Hundred Thousand Dollars ($100,000.00) each person, Three Hundred Thousand Dollars ($300,000.00) each occurrence, and a minimum property damage limit of Twenty-Five Thousand Dollars ($25,000.00) each occurrence; (iii) Comprehensive Automobile Liability insurance covering all owned, hired or otherwise operated non-owned automobiles with minimum bodily injury limits of One Hundred Thousand Dollars ($100,000.00) each person, Three Hundred Thousand Dollars ($300,000.00) each occurrence, and a minimum property damage limit of Twenty-Five Thousand Dollars ($25,000.00) each occurrence.

(b) The insurance will name Union as an additional insured and will be primary as to any other existing, valid and collectible insurance. The foregoing are minimum insurance requirements only and may or may not adequately meet the entire insurance needs of Lessee. If Union requires, before Union delivers possession of the Station to Lessee, Lessee shall furnish Union with certificates of such insurance which provide that coverage will not be cancelled or materially changed prior to 30 days advance written notice to Union. The insurance required hereunder in no way limits or restricts Lessee's obligation under Paragraph 16 as to indemnification of Union. Further, the insurance to be carried shall be in no way limited by any limitation placed upon the indemnity therein given as a matter of law.

9. LESSEE'S RECORD KEEPING REQUIREMENTS

Lessee shall maintain at the Station, in a form to permit calculation of rentals due under this or any underlying lease, accurate records of (i) all deliveries and sales of motor fuel, and (ii) gross revenue from sales of all products (including motor fuel) and services. Union and/or its lessor may examine and audit the foregoing records at any reasonable time and Union agrees to keep the records confidential. Lessee shall, on request from Union, provide statements, verified before a Notary Public, of deliveries, sales and gross revenue within 5 days after the end of each calendar month, twelve month lease period, and/or any cancellation or termination of this Lease.

10. EVENTS CONSTITUTING DEFAULT

The occurrence of any one of the following events constitutes a default of this Lease:

(a) Lessee's death, personal incapacity, or conviction of a felony or offense involving moral turpitude;

(b) Lessee's failure to supervise the operation of the Station personally;

(c) Lessee's abandonment of the Station (Lessee is deemed to have abandoned the Station if it is not open for business for 72 consecutive hours);

(d) Lessee's failure to remove, within 5 days after the levy thereof, any lien, attachment, execution or encumbrance against the Station, Lessee's interest therein, or Lessee's business, arising from an act or default of Lessee;

(e) Institution by or against Lessee of insolvency, bankruptcy or receivership proceedings, or an assignment for the benefit of creditors;

(f) Lessee's failure to pay Union when due any indebtedness, however arising, owing by Lessee to

Union;

(g) Lessee's violation of any conditional use permit or other special zoning requirements as referred to in Paragraph 5 (g);

(h) Lessee's failure to provide Union with any statement referred to in Paragraph 9 within the designated time;

(i) Lessee's failure to pay rent or make any other payment to Union required under this Lease, within 5 days after written demand;

(j) Lessee's failure to maintain the standards for Station Maintenance and Services enumerated in Paragraph 4 (a);

(k) Lessee's failure to perform any other of his obligations and responsibilities under this Lease.

11. CANCELLATION PRIVILEGES

(a) Lessee may cancel this Lease at any time on 90 days written notice to Union.

(b) Union may, with or without prior notice to Lessee, cancel this Lease and take immediate possession of the Station on the occurrence of any one of the events listed in Paragraph 10(a) through (j) inclusive.

(c) Except for the defaults set forth in Paragraphs 10 (a) through (j), Lessee's failure to perform any of his other obligations under this Lease shall be a default which shall give Union the right to cancel this Lease unless such default is remedied by Lessee within 15 days after receipt of the written notice from Union specifying the nature of the default. If Lessee has received notice of 3 or more defaults, then upon the occurrence of any subsequent default, Union shall have the right to immediately terminate this Lease and take possession of the premises notwithstanding the fact that Lessee may have remedied such previous defaults.

(d) Union may, on 30 days written notice, with or without cause, cancel this Lease at any time during the first 12 months of the Lease if this Lease is the first Lease between Union and Lessee covering the Station.

12. SURRENDER OF PREMISES

(a) Premises:
Lessee shall surrender possession of the Station immediately on cancellation or termination of this Lease. The Station shall be in the same condition as at the commencement of the term of this Lease, except for (i) normal wear and tear, and (ii) damage or destruction not caused by Lessee's negligent or willful acts or omissions. Prior to surrender of possession of the Station, Lessee shall have removed any additions, alterations or improvements he may have made as set forth in Paragraph 5(j).

(b) Inventory, Tools, Equipment, Supplies:
Neither Union nor any incoming lessee shall be obligated to purchase any of the foregoing items from Lessee; however, Union, at its option, may purchase the equipment and those products in saleable condition which Lessee purchased from Union, for the reasonable value thereof, but not to exceed the cost to Lessee, and may credit the amount thereof against any sums owing Union by Lessee.

13. INSPECTION OF STATION

Union retains the right to enter and inspect the Station at all times with such employees and equipment as it may deem necessary to determine if the obligations assumed by Lessee under this Lease are being fulfilled.

14. CONDEMNATION

In the event of the taking of all or any part of the Station through condemnation, either party may cancel this Lease without liability to the other. Lessee waives any and all rights to damages in event of such condemnation, including Lessee's leasehold interest, and agrees that Union shall be entitled to receive and retain the full amount of any damage award or settlement.

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15. DAMAGE OR DESTRUCTION OF STATION

(a) If the Station is damaged or destroyed so that it is unusable for the purpose for which it is leased, either party may cancel this Lease.
(b) If the damage or destruction was caused by the negligent or willful acts or omissions of Lessee, Lessee will pay Union the cost of repair or replacement.

16. INDEMNIFICATION BY LESSEE

Union shall not be liable to Lessee or to any other person for any damage to or loss of property, or for injury to or death of persons, arising from Lessee's operation pursuant to this Lease and Lessee agrees to indemnify, protect and save Union harmless from and against any and all losses, claims, liabilities, suits and actions, judgments and costs, which shall arise from or grow out of any injury to or death of persons and for damage or loss of property, directly or indirectly arising out of, or resulting from, or in any way connected with Lessee's operation upon or use of the Station or from the condition thereof or of the adjoining streets, sidewalks or ways, whether sustained by Lessee or his agents or employees, or any other person, firm or corporation which may seek to hold Union liable.

17. SUBORDINATION TO UNDERLYING LEASE

This Lease is subordinate to any underlying lease now, or hereafter, in effect between Union and its lessor. Union is under no obligation to extend or renew such underlying lease. In the event of termination or cancellation thereof, this Lease shall terminate automatically, without liability on Union's part.

18. NOTICES

Any notice required by this Lease shall be in writing. It shall be deemed served when delivered to the other party personally or when mailed via certified or registered mail to the other party at the address indicated on the first page.

19. MODIFICATION OF LEASE

The parties may modify this Lease only by written amendment executed by both parties.

20. ASSIGNMENT

Lessee shall not assign or transfer this Lease, or any interest therein, or sublet the Station in whole or in part. Lessee's interest under this Lease cannot be assigned by operation of law.

21. CREDIT CARD GUIDE

Lessee acknowledges receipt of Union's Credit Card Guide and agrees that, if he elects to make credit sales to customers presenting Union credit cards and other credit cards listed in the Guide, he will comply fully with the instructions and policies stated in the Guide.

22. CANCELLATION OF PREVIOUS AGREEMENTS

This Lease cancels and supersedes any previous lease or agreement between the parties relating to the Station.

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EXHIBIT A

LESSEE REPAIR AND MAINTENANCE RESPONSIBILITIES

1. ISLAND DISPENSERS

(a) Calibrate as required by governmental authority;
(b) Replace glass;
(c) Repair or replace (i) hoses and nozzles, and (ii) any other parts damaged through Lessee's negligence.

2. COMPRESSORS

(a) Replace belts and oil;
(b) Repair or replace compressor or any parts thereof damaged through Lessee's negligence.

3. HOISTS

(a) Replace oil;
(b) Repair or replace hoists or any parts thereof damaged through Lessee's negligence.

4. AIR AND WATER EQUIPMENT

(a) Repair or replace hoses, nozzles, bibs and gauges.

5. FIRE FIGHTING EQUIPMENT

(a) Maintain all fire extinguishers fully charged and ready for use at all times.

6. REST ROOMS

(a) Repair plumbing and toilet fixtures;
(b) Repair or replace rest room accessories.

7. YARD

(a) Repair yard asphalt and/or replace landscaping damaged or destroyed through Lessee's negligence;
(b) Care for and maintain lawn and shrubs.

8. STATION

(a) Replace broken window glass;
(b) Replace lock cores and keys for station and cash box;
(c) Re-key station if required through Lessee's negligence;
(d) Repair or replace floor safe damaged through Lessee's negligence (including cost of removal of damaged floor safe);
(e) Repair leaks in station roof caused through Lessee's negligence or Lessee's improper use of roof areas.

9. MISCELLANEOUS

(a) Pump water from underground tanks if presence of water is caused by Lessee's failure to maintain fill caps in watertight condition at all times;
(b) Maintain heating and cooling units, including the cost of replacing filters.
(c) Dispose of drain oil by an approved procedure;
(d) Replace burned out lamps in station, canopy and yard areas;
(e) Repair or replace Union's equipment damaged through Lessee's negligence.

EXHIBIT B

DESCRIPTION OF REAL PROPERTY

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EXHIBIT C

BUILDINGS, IMPROVEMENTS, FIXTURES & EQUIPMENT

_____ Service Station Building & Facilities _____

Type with _____ Lube Bays and ☐ Single ☐ Double Island Canopy

_____ _____ Gallon Underground Storage Tank(s)

_____ _____ Gallon Underground Storage Tank(s)

_____ _____ Gallon Underground Storage Tank(s)

_____ _____ Gallon Underground Storage Tank(s)

_____ _____ Gallon Underground Waste Oil Tank

_____ Gauge Stick(s) for Underground Tanks

_____ ☐ Turbine Pumps _____ Dispensers ☐ Suction Pumps ____ Nozzles

_____ Island ☐ Air and Water Reels ☐ Air and Water Wells

_____ Island Display and Storage Cabinet(s)

_____ _____ H.P. Air Compressor ☐ Vertical ☐ Horizontal

_____ Overhead Air and Water Reels

_____ Fire Extinguisher(s)

_____ _____ (SIZE) Foot Work Bench with ☐ Utility Cabinet ☐ Storage Bin

_____ Utility Locker(s)

_____ Auto Hoist (Rail or Frame Contact) with Accessories

_____ Floor Safe and Keys

_____ Desk with Chair or Stool

_____ Settee

_____ Telephone Counter with Stool

_____ Vanity Stool

_____ Display Counter(s)

_____ Heating Unit(s) ☐ Electric Wall—Office ☐ Forced Air—Entire Station

_____ Air Conditioning Unit(s)

_____ ☐ 276 ☐ 376 Illuminated "76" Sphere Sign ☐ 76 Spheroid Sign

☐ Other Sign _____

_____ Price Sign Poster Board(s)

_____ Certified Services Poster Board

_____ Oil Display Cart(s)

_____ Flood Light Poles _____ Flood Lights _____ Area Lights

_____ Cash Boxes ☐ Pedestal ☐ Swivel

_____ Credit Card Imprinter(s)

_____ Tire Cabinet(s)

_____ Manuals ☐ Service Station Products Manual ☐ Yearly Service Guide

☐ TBA Application Manual ☐ Credit Card Guide

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EXHIBIT D

HOURS OF OPERATION

For the months of _____

	From		To	
Sunday	_____	a.m.	_____	p.m.
Monday	_____	a.m.	_____	p.m.
Tuesday	_____	a.m.	_____	p.m.
Wednesday	_____	a.m.	_____	p.m.
Thursday	_____	a.m.	_____	p.m.
Friday	_____	a.m.	_____	p.m.
Saturday	_____	a.m.	_____	p.m.

For the months of _____

	From		To	
Sunday	_____	a.m.	_____	p.m.
Monday	_____	a.m.	_____	p.m.
Tuesday	_____	a.m.	_____	p.m.
Wednesday	_____	a.m.	_____	p.m.
Thursday	_____	a.m.	_____	p.m.
Friday	_____	a.m.	_____	p.m.
Saturday	_____	a.m.	_____	p.m.

INDEX TO LEASE PARAGRAPHS AND EXHIBITS

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Reno Evening Gazette 4/14/77

Farewell to gas stations as we know them

Nicholas von Hoffman

Washington Star

WASHINGTON — It's a bit late in the day, but the major oil companies are admitting that they have been hosing their gas station operators just as the dealers have charged for years and years. "The big companies didn't give a damn about gasoline marketing; it was just a necessary evil," Maurice Holdgraf, the former top marketing official for Shell Oil, told the Wall Street Journal's Peter B. Roche, who writes (March 28): "The purpose of the service station was to keep pumping as much gasoline as possible — whether at a profit or not — so the companies could make their big profits at the wellhead."

The Journal asserts that the oil companies have looked on their gas stations as "loss leaders," a management philosophy which explains why the dealers have been screaming for decades that they're little better than impecunious, indentured servants to Exxon, Mobil, Texaco and the rest of the major oil companies.

From this unlooked-for source also comes the validation of the oil company critics who have charged that these gigantic corporations manipulate their books so as to hide their true profit-and-loss picture to escape taxation. By running their gas stations as a bookkeeping loss and pretending their profits come from drilling and pumping they can exploit particularly generous tax gimmicks like the famous oil depletion allowance. (The oil depletion allowance has now been cut back but there are other clauses in the tax law which are as good if not better.)

These admissions strengthen the case of those pushing for oil company divestments, that is telling the so-called integrated companies that they can discover crude and pump it, but they can't be in the refinery business also, or the pipeline business, or the gas station business.

SLOB-IN-THE-BOX

In the last five years 37,000 gas stations have been closed. Most of them by major oil companies who intend to do with the owner-operator gas station what the giant supermarket chains did to the small owner-operator grocery store a generation ago. Goodby to those TV commercials with the nice guy in overalls helping the cute little girl put air in her tricycle tires while the music-over chorus sings, "I can be very friendly, yes, I can."

In return for paying the slob through the slit in the glass, you will pay more per gallon. There's no way around it because the conversion from I-can-be-very-friendly to slob-in-the-box service is going to cost tens, if not hundreds of millions of dollars. And this at the very time when you can't pick up a business publication without reading of some oil company executive lamenting "the capital short fall" which is depriving the industry of the money it needs to discover and drill. Talk about profligate waste and madness, the industry proposes to junk 189,000 already-built, already-paid for, perfectly functional gas stations when it says it's short of cash.

MOM-AND-POP

Presumably the oil companies want to convert their retail operations to slob-in-the-box because they believe high-volume chain outlets with few employes is the economical way to go. That's what they thought in the food business when such enormous financial muscle was put on the mom-and-pop stores to drive them out of business. But the calculations were wrong. Experience has taught that small chains with but six or seven stores have the lowest costs, and that, far from being uncompetitive, mom-and-pop-type convenience operations like 7-11 do far better than hold their own against the grocery giants.

If the gas stations of our country are closed, it won't be because they are intrinsically unprofitable but because the oil companies own them and the oil companies want to close them. Another source of small-scale entrepreneurial strength will be weakened, and what has been a labor-intensive activity will be made overly technological and capital intensive for no very good reason.

Divestiture has been opposed for decades because people say the oil company isn't a monopoly in the ordinary sense. Its sin is bigness wherein a large corporation controls everything from the extraction of the raw product to its retail sale, but bigness by itself, as this case shows, can be intolerable.

Halley
ah606
Exhibit L.

FY 1975 Payroll Adjustment Factors

$15,600 to $24,000

Classification		Amount of Increase
8200	Painters, Dry Wall Contractors	18.4
8300	Plumbing and Heating Contractors	18.4
8400	Electrical Contractors	18.4
8500	Plant Machinery Installation Contractors	18.4
8800	Atomic Energy	17.9
9500	REECO	17.9
8900	Steelworkers, Hazardous Worker	16.1
8100	Building Contractors	12.0
8600	Glaziers, Mobile Home Dealers, Floor Covering Contractors	11.0
8000	General Contracting	9.8
1200	Open Pit Mining	6.3
9200	Entertainers	5.9
7900	Real Estate Brokers, Insurance Sales	5.4
9900	Kennecott, Anaconda	4.2
7800	Accountants, Lawyers, White Collar	4.2
4300	Trucking	4.0
1300	Sand and Gravel	3.6
5400	Auto Sales	2.5
5500	Fuel and Oil Dealers, Building Material Dealers	2.5
7000	Retail Stores	2.5
4100	Warehousing	2.5
2200	Ready Mix	2.2

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April 17, 1977

Senator Thomas R. C. Wilson
Chairman of the Committee on
Commerce and Labor
Legislative Building
Carson City, Nevada 89710

Dear Senator Wilson:

You have requested an opinion upon the constitutionality of Senate Bill No. 465, now before your committee. This bill would prohibit persons engaged in the business of furnishing bail bonds from contributing to support or oppose a candidate for:

(1) Justice of the supreme court;
(2) District judge;
(3) Justice of the peace;
(4) Municipal or police judge;
(5) Attorney general;
(6) District attorney; or
(7) City attorney.

The argument which would presumably be urged against the bill is that it would interfere with the bail bondsman's right of political expression or association. See Buckley v. Valeo, 96 S.Ct. 612 (1976).

As to the offices numbered (1) to (4), inclusive, the question may be moot. Supreme Court Rule 237 restrains any judge from accepting "presents or favors from * * * [persons] whose interests are likely to be submitted to him for judgment." Bail bonds are approved, and their forfeiture in appropriate cases is declared, by judges. It is difficult to believe that the supreme court would hold it unconstitutional for the legislature to forbid a donor to give what the court has forbidden the donee to receive.

As to the offices numbered (5), (6) and (7), the case is less clear but similar reasoning should apply. A bail bondsman deals primarily with persons accused of crime; the named officers prosecute, or perhaps dismiss charges against, those same persons. It is unnecessary to labor the point that a bail bondsman who was, or was believed to be, able to influence the prosecution would not lack customers. The Supreme Court of the United States has generally permitted even what it deems fundamental freedoms to be narrowly curtailed to serve a compelling state interest. There is probably no state interest more compelling than the administration of criminal justice without taint (or appearance) of corruption.

In the Buckley case, the limitations upon campaign contributions, some of which were sustained and some rejected, all applied equally to all potential contributors. This statute applies only to a narrow class of potential contributors, and to them only as to those offices with respect to which their exercise of a right to contribute could reasonably be expected to affect adversely the administration of criminal justice. This seems to distinguish Buckley, and to leave S.B. 465 presumably constitutional.

Very truly yours,

Frank W. Daykin

Frank W. Daykin
Legislative Counsel

FWD:jll