

SENATE
COMMERCE & LABOR
COMMITTEE

Minutes of Meeting
Wednesday, May 4, 1977

The meeting of the Commerce and Labor Committee was held on May 4, 1977, in Room 213 at 1:45 P.M. The Committee adjourned at 4:00 P.M. and readjourned at 5:50.

Senator Thomas Wilson was in the chair.

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

OTHERS

PRESENT: See attached list.

The Committee considered the following:

A.B. 681 ADDS LICENSING AND REGULATION OF ADMINISTRATORS OF INTERMEDIATE CARE FACILITIES TO DUTIES OF NEVADA STATE BOARD OF EXAMINERS FOR SKILLED NURSING FACILITIES. (BDR 54-1557)

Mr. Darrell Dreyer, Assemblyman, appeared before the Committee on this bill. He stated this is nothing more than a simple clean up piece of legislation. It adds the intermediate care facilities to that along with skilled nursings and putting them under the Department. They are already licensed, but the administrators of the intermediate care facilities are in favor of the bill.

Mr. John McSweeney, Division of Aging Services, stated his relationship to the Board of Examiners for licensing stems from the present law whereby the Director of the Department is named to be on the Board, however, it also allows him to name a designee. He has been the designee for the last 5 years. The Board presently licenses the administrators of not only the skilled but also intermediate care facilities. The rationale behind that stems from Federal Regulations in regard to Medicare and the payment of patients in those

facilities. The regulations state in essence that the administrators of those facilities must be licensed by a formidable board of each State. This legislation is simply clean up legislation. It did not mention throughout the NRS statutes covering this area that the Board itself licenses intermediate care facilities and that is what this does. It says skilled or intermediate. He submitted a letter to the Committee which he read into the record. See Exhibit A.

SENATOR HERNSTADT asked who requested the bill and was told the Chairman of the Board of Examiners.

A.B. 599 AMENDS PROVISIONS REGULATING MARRIAGE AND FAMILY COUNSELORS. (BDR 54-1467)

Mr. Kosinsky, Assemblyman, appeared before the Committee and advised that he was appearing to discuss this bill as Committee minutes reflected the Committee had voted to indefinitely postpone this bill. He indicated that Senator Wilson had advised him that the Committee was concerned during discussion of this bill as to infringement on the jurisdiction of the psychologist and the provisions contained in Chapter 641 NRS.

Mr. Kosinsky wanted to point out that Section 12 on page 3, which is an amendment to 641.A.410 prohibits anyone, including psychologists, from holding themselves out as marriage and family counselors. Therefore, he said the prohibition is already in the existing language of NRS. Referred Committee to page 1, section 3, and indicated this section does not bring psychologists within the bill, in fact, it specifically indicates that psychologists are outside the perimeters of Chapter 641A., except as relates to advertising and that prohibition is already contained in 641.A.410.

SENATOR BRYAN told Mr. Kosinsky that AB 599 in the form that was originally introduced does a 180 degree turn. He referred to the original form and it says "this chapter does not apply to physicians or psychologists". That would mean, therefore, in his judgment that the conflict between marriage and family counselors and psychologists would be resolved in favor of the psychologists who argued that they have a right under their practice to advertise as marriage counselors. Further, according to Senator Bryan, the Deputy A.G.

who came to discuss with the Committee a Senate Bill, indicated that the conflict was resolved by A.B. 599. The conflict, in his judgment, is perpetuated by the reprint.

SENATOR WILSON stated that the original bill did resolve it but the reprint put that back in.

Assemblyman Kosinsky stated that Don Hill, Deputy A.G. had indicated that they are interpreting 641A as prohibiting psychologists to use the term marriage and family counselor. He stated he did not understand there would be any conflict in that area.

SENATOR BRYAN said there is quite a conflict.

Mr. Kosinsky stated that the reason that he introduced this bill is because his wife is a family and marriage counselor and is on the Board. The initial bill was presented to him by Dayle Rust, who is the president of the Board, and the amendment was also authored by Mr. Rust. He was therefore unable to address himself to any conflict.

SENATOR HERNSTADT showed Assemblyman Kosinsky the Las Vegas telephone book where various other people were advertising themselves as marriage counselors, including doctors and psychiatrists.

A.B. 438 AUTHORIZES PUBLIC SERVICE COMMISSION OF NEVADA TO REQUIRE CERTAIN PUBLIC UTILITIES TO INSTALL AND USE WATERMETERS. (BDR 58-1445)

The first witness to appear on this bill was Mr. Bob Weise, Assemblyman, who stated he had no idea why he was present as he was the only person in the Washoe Delegation who strictly supported the repeal of the prohibition and allowing water meters to stand on their own. He reviewed the bill as follows:

Section 1 - repealer of the prohibition.

Section 2 - creates a committee of 8 members, five legislators and one member each from the cities of Sparks, Reno and the County of Washoe. The reason for 5 legislators is to retain legislative control of the committee. The Chairman of the committee would be a non-Washoe County legislator. The other legislators would be 2 senators and 2 assemblymen from Washoe County.

The third provision spells out the purpose of the committee in areas that it should include in the study.

The fourth sub-paragraph specifies the reporting time of September 30th. It is believed that the committee would not need any more time than this since there is such a volume of information available that they could make their decision at that time.

Section 3 provides for assistance from the University system and provides the private expert consultant. The purpose of the study is that the Legislators are well enough versed in the pros and the cons and most of the questions have been answered. There are still some questions, but we have no place to store it, so why save it? That is a basic question.

Mr. Weise suggested they delete the whole bill except for Section 1. He stated there is a \$50,000 appropriation and the unexpended money would return.

Under Section 5, the subcommittee would self-destruct upon passage by the 3 local governments involved and any unexpended funds would revert back to the state.

The second subsection says that section 1, which is the repealer, will take effect any time that the three local governments send by a separate resolution concur in the repeal. The reason for this is that the Governor feels that this is necessary to be a negotiating tool with California in the event they have to pump out of Lake Tahoe.

The idea in sub-section 2 of section 6 is basically to say that here is the opportunity for the Governor to go over and possibly convince the local governments that they have to repeal it some time prior to September 30th. If they concur then the repealer is off and the sub-committee stops, and the game is over. The purpose of the sub-committee is to provide the local governments with what the Assembly feels is sufficient information for them to make an intelligent decision.

Mr. Weise told the Committee that Washoe County is almost unaffected by whatever happens. There are very few residents that would be affected by water meters. He advised the flat rate in Reno is \$11.05. Questions that have arisen are: (1) What are we going to do with the

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water if we have no place to store it?, and (2) what is an equitable approach to installing water meters? These are questions that should be answered by the study committee. The Washoe County Delegation wants the study.

There was some discussion on the sewage treatment plant in the Reno-Sparks area.

Mr. Heber Hardy, P.S.C. stated his number 1 preference is to keep only Section 1, and that is the repeal of the NRS 704.230. He wants the prohibition to keep people who are paying high rates and using little water from paying the same as heavy users. He thinks this would be a means of conservation.

Mr. Hardy, in response to questions by SENATOR WILSON, indicated that there was no way that you could say that the rates would be reduced to current users. It could be, but he didn't think there was any way you could say it would be.

SENATOR WILSON asked if it was the Commission's position, or was Mr. Hardy representing to the Legislature, that some of the rates are going to go down and what percentage? Mr. Hardy said he could not answer the question. In the situation after meters were installed, then he is saying that the person who saves water will pay less than the person that wastes water and that is all he is saying about the present situation.

SENATOR WILSON said, "then we will not draw the inference which is invited, that some of the rates are going to be reduced, all you are saying is that on the meter, obviously some people are going to pay less than others and some are going to pay more than others, but in neither case can you say, sitting here, that any will pay less than the present flat rate.? Mr. Hardy stated that was correct.

SENATOR HERNSTADT asked about the amortized charge to the customers on the water meters. Mr. Hardy stated that he believed the costs of providing water service will be reduced, and to the extent that those costs are reduced, there may be some reduction in costs which could be passed on to the rate payers.

Assemblyman Pat Murphy advised the Committee that the Assembly Delegation, with the exception of Mr. Weise, would vote no on a flat repeal of the prohibition. He

thinks that the meters will be a negotiation tool for the Governor when he has to go to the State of California. This is the big push behind the Bill. He told the Committee we do not have the upstream storage to hold the water once we conserve it. Lack of storage was discussed. Also discussed a figure of \$300.00 per meter.

Mr. Heber Hardy, in response to a question by SENATOR BLAKEMORE, advised that the \$11.05 rate was a residential rate (3/4" service).

Mr. Joe L. Gremban, Sierra Pacific Power Company, was the next witness. See Exhibit B, C and D for his testimony. Mr. Gremban indicated that we could store water in Lake Tahoe as long as it does not exceed the maximum level of 6228.1 acre feet. There will be no more flow out of Lake Tahoe by July. After the flow we will have to pump and to pump we have to have permission of the Secretary of Interior and the State of California, the LaHonton Water Quality and many other agencies. There has to be a concurrence of all the entities. In order to get approval from California's Department of Interior we are supposed to be able to indicate that we have taken all steps possible in conservation, including the ability to install water meters. Permission to install water meters is critical to our position.

Mr. Gremban indicated it would probably take up to 5 years for installation of residential meters. However, that could be speeded up by the number of crews of men that they would have out doing the installation. He also indicated that we have a reasonable chance of getting permission to pump from Lake Tahoe.

SENATOR WILSON asked where we would be by July 1, 1977, if we hadn't metered. Mr. Gremban indicated by that date we would be out of water from Lake Tahoe, Boca and Prosser, and the only thing remaining would be Company storage at Independence and Donner Lakes. Can get 3,000 acre feet out of Donner Lake up to September 15, and then 3,000 acre feet again after September 15. Can get a total 12,500 acre feet from Independence. Mr. Gremban said that we can draw enough for this year, but if we have another dry year next year, we are in real trouble. He stated during this period of time they are using pumps too because they do have a number of wells they can pump at a maximum basis of about 20

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million gallons per day, but that isn't enough to satisfy the requirements, particularly in the summer months when we use about 95 million gallons per day. They can consistently pump about 20 million but if they pump any more they are going to get intrusion of contaminants and chemicals from outside the area. In 1976 the minimum use per customer was 563 gallons per day or 217 gallons per day per person. The maximum use per customer was 2,329 gallons per day or 896 gallons per person.

SENATOR WILSON summarized as follows: We can separate several issues in this thing. One is to what extent the equity of charging for service mandates that you go on meters instead of a flat rate, and what the effect is of imposing upon everybody the cost of the meter and the effect that it has on the equity. Mr. Hardy's answer to my question as to whether or not we can assure that the fixed income person, who is really complaining about a meter rate, is going to enjoy a reduction in rate. That is one set of issues that relate to equity of the tariff charge.

Another one, is the long term question having to do with the relationship of storing what you save to accommodate growth and parks, and green belt, and the rest of it.

There is a third issue, however, that this question really comes down to. That has to do with the conditions upon getting storage for this summer and for next summer and where we are if we don't get it. It is only that issue that puts this question in the posture of emergency, if I understand this correctly. The emergency attends the third issue only. In terms of priority of time, that is the most critical, whether we will have enough water this summer and next, if we don't enable the P.S.C. to order meters. It has been indicated that we are okay this summer. Does this mean without rationing of some type, without reduction of industrial and commercial customers, or what?

Mr. Gremban indicated with a reduction of a conservation program, appealing to everyone to reduce use and it will enable us to get by this year. Further, a meter costs \$50.00 to \$300.00 total, or \$10 million for the entire service area. The cost of the amortizing vs. the savings in water and sewage treatment would almost equate the same so one offsets the other in effect. Sierra Pacific does not want to own the water meters. The consumers would own them.

Mr. Gremban cited an example: 40 million dollars worth of plant and the rate of return is 10%. You need 4 million dollars in revenues on the flat rate basis. So they install meters, and they are owned by the customer, they still have 40 million dollars worth of plant in service and still need only 4 million dollars in rates. But that 4 million is redistributed based on how much each person uses. The person who uses little is going to pay less than the person who uses a lot. The total revenues are not going to change. Wells are 400 feet deep average. SENATOR BLAKEMORE discussed the strains that could be put on the wells.

Mr. Gremban stated that on the Valmy plant if they have to put in scrubbers it will run approximately \$13-15 million dollars per unit which could be financed by tax exempts and take a 5-year write off for depreciation purposes. There are other ponds at Valmy and they will have to develop those for water treatment purposes and they can finance those with tax exempts. Trying to finance first with Federal funds. They have contacted Senator Laxalt's office and the correct Federal agency.

Mr. Gremban further stated they have 16 wells and the average pumping that could be sustained is 17.5 million gallons per day. If you pumped at full bore it could go up to 44.5 million gallons per day, but you could not sustain that rate. They have been pumping an average of 7 million gallons per day in the past few years, and the water table, with the drought conditions has been dropping. If they pump 17.5 million per day it would drop. He couldn't say how much but it would be substantial.

SENATOR WILSON asked Mr. Gremban to compile further figures and return to the Committee.

Mr. Roland Westergard appeared before the Committee and stated that they are not mining water from the Truckee Meadows now. He stated there are some quality questions.

SENATOR BLAKEMORE asked if the quality problem could be overcome if the wells were deeper. Mr. Westergard stated in his opinion they could not.

Mr. Westergard said that if we have another dry year there will be a serious re-charge problem but from

the standpoint of vacating space in the Truckee Meadow you are going to bring in bad quality water and it is not going to be just a one time factor--you will lose the well.

Mr. Wallie Warren asked the Chairman to restate his request of Mr. Gremban for information by going into 1978 under the same weather and water conditions that we are in 1977 - tourist impact, etc.

Mr. Gremban stated they can store anything they save in Lake Tahoe but they prefer storing it in a smaller reservoir. It is better management.

SENATOR BRYAN called attention to the letters from the various city entities calling for the repeal of all the bill except Section 1.

SENATOR YOUNG questioned why this question of urgency has not been brought up before. Mr. Gremban indicated in March or April they received the snow survey reports which indicated 1975-76 had been very much drier and based on consumptions we were going to be short of water in 1977. He began discussions with the Department of Interior who were releasing water out of Stampede. There were 150,000 acres in Stampede. They released over 100,000 acre feet in spite of efforts to stop it. It was the fishery experiment. Had we been able to stop them we wouldn't have to be so concerned. They filed suit in court in August and had the flow restricted and a promise not to release below 50,000 acre ft. level. In February 1977 they again began releases to maintain a fish egg gathering experiment near Pyramid Lake. They are still releasing and are supposed to stop in June (15th). They are releasing 70 acre feet a day.

A.B. 681 ADDS LICENSING AND REGULATION OF ADMINISTRATORS OF INTERMEDIATE CARE FACILITIES TO DUTIES OF NEVADA STATE BOARD OF EXAMINERS FOR SKILLED NURSING FACILITIES. (BDR 54-1557)

Motion was made by SENATOR BRYAN to DO PASS.
Seconded by SENATOR BLAKEMORE.
Unanimous vote (SENATOR CLOSE absent)

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S.B. 431 PROHIBITS UNDER CERTAIN CIRCUMSTANCES ACCEPTANCE OF
INCORPORATION DOCUMENTS FOR FILING WHERE NAME OF
CORPORATION CONTAINS SPECIFIED TERMS RELATING TO
ENGINEERING. (BDR 7-1340)

CHAIRMAN WILSON offered the Committee an amendment from the Assembly. See attached Exhibit E.

Mr. David Hoy spoke from the floor. He stated all the Board of Engineers was trying to do was slow people down when they went to the Secretary of State and stop them and call their attention to 520 before they filed articles and attempted to use the word engineering. This Committee amended and the Assembly felt that since the law had been active since 1967 and 625.050 which defines the practice of engineering and has an exception which reads as follows: the practice of engineering shall not include land surveying or work ordinarily performed by persons who operate or maintain equipment or machinery. The Assembly felt that the change this Committee had put on was not necessary and that we ought to go back and retain the old law.

SENATOR HERNSTADT suggested that a conference committee be established to work up language to exempt companies in inter-state commerce listed on national stock exchanges.

Mr. Hoy stated that he had no objection to the suggestion.

Motion was made by SENATOR HERNSTADT not to concur. Seconded by SENATOR BRYAN.

Vote: Unanimous except for SENATOR CLOSE who was absent and SENATOR YOUNG who did not participate.

Conference committee selected by the Chairman. Senators Ashworth, Hernstadt and Blakemore on the conference committee.

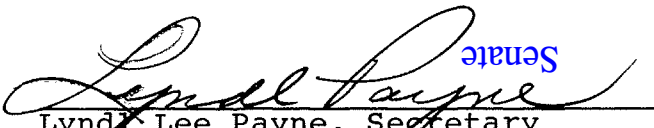
Minutes for April 22 and May 2 were approved unanimously. Motion was made by SENATOR BRYAN and seconded by SENATOR ASHWORTH.

There being no further business the meeting was adjourned at 7:00 P.M.

APPROVED BY:


Thomas R.C. Wilson, Chairman

Respectfully submitted,


Lynda Lee Payne, Secretary

2725

AGENDA FOR COMMITTEE ON COMMERCE & LABOR

Wed.

Date May 4, 1977 Time 1:30 PM Room 213

Bills or Resolutions
to be considered

Subject

Counsel
requested*

A. B. 438

Authorizes public service commission of Nevada to require certain public utilities to install and use watermeters (BDR 58-1445)

A. B. 681

Adds licensing and regulation of administrators of intermediate care facilities to duties of Nevada state board of examiners for skilled nursing facilities (BDR 54-1557)

February 3, 1977

Assemblyman Darrell Dreyer
5309 Martin Avenue
Las Vegas, NV 89122

Dear Mr. Dreyer

Knowing that you were the chairman of the committee that authored Bulletin 77-7 dealing with skilled nursing facilities and problems of the aged and aging, I thought you would be the one to contact relative to Chapter 654 of the Nevada Revised Statutes. The term, "skilled nursing facility administrator and skilled nursing facility" appears throughout this chapter. This Board is now required to license Intermediate Care Facilities. The Board feels that some corrections are needed.

Mr. John B. McSweeney, a member of our Board has made the following recommendation, "Beginning with NRS 654.20 "Board" defined - "Board" means the Nevada State Board of Examiners for skilled nursing facility administrators - beginning with the above section and wherever appropriate throughout Chapter 654 that the word "skilled" be deleted or that "skilled" be retained and appropriate language added, such as: "skilled nursing facility administrators", new and/or nursing facility administrators."

That chapter 449 - Health and Care Facilities. Section 449.035 should be amended with similar languages as noted in HSR 654.20 above.

I have discussed the change of Section 449.035 with Doctor Thomason and he agrees that it should be corrected.

We thank you for your assistance in getting these corrections processed.

Sincerely

Stanley B. Pariso
Stanley B. Pariso
Chairman

CC: Dr. William A. Thomason
John B. McSweeney

SBP:bb

RECEIVED
Nursing Services
FEB 12 1977

Mr. McSweeney C/3 470
Exhibit A

1	2	3	4	5	6	7	8	9	10

901 Adams Boulevard, Boulder City, Nevada 89005

Gremban Exhibit

PRESENTATION BY

JOE L. GREMBAN

MAY 4, 1977

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I AM APPEARING BEFORE YOU WITH REGARD TO ASSEMBLY BILL #438. IN MAKING THIS PRESENTATION I WILL FIRST BRING YOU UP TO DATE ON THE WATER SUPPLY SITUATION IN THE RENO-SPARKS-WASHOE COUNTY SERVICE AREA AND THEN ADDRESS MY REMARKS TO VARIOUS BENEFITS AND COSTS INVOLVED.

THE APRIL 1, 1977 REPORT ON THE WATER SUPPLY OUTLOOK FOR NEVADA WHICH WAS PREPARED BY THE U.S. DEPARTMENT OF AGRICULTURE, SOIL CONSERVATION SERVICE, COLLABORATING WITH THE NEVADA DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES, DIVISION OF WATER RESOURCES, INDICATES THE WATER SUPPLY OUTLOOK FOR THIS SUMMER IS POOR. THE APRIL 1 SNOW COURSE MEASUREMENTS INDICATE THAT THIS YEAR'S SNOW PACK IS 31% ON THE TRUCKEE AND 34% IN THE TAHOE BASIN AREA AND THE FORECAST FOR STREAM FLOWS IS LESS THAN THAT FOR LAST YEAR.

AT THE PRESENT TIME THE ELEVATION OF LAKE TAHOE IS 6224.01 FEET, WHICH IS ONE FOOT ABOVE THE MINIMUM OF 6223.00. PROSSER RESERVOIR IS EMPTY. BOCA RESERVOIR HAS 33,400 AF, INDEPENDENCE LAKE 12,500 AF, DONNER LAKE 4,900 AF, AND STAMPEDE 36,000 AF. TOTAL CAPACITY OF ALL OF THESE RESERVOIRS IS 1,043,010 AF AND THE AVAILABLE SUPPLY AT THE PRESENT TIME IS ONLY 206,800 AF. RELEASES FROM LAKE TAHOE AND BOCA RESERVOIR HAVE BEEN REDUCED BY AGREEMENT OF ALL PARTIES INVOLVED TO 400 CFS BEGINNING MAY 1 UNTIL THE SUPPLY RUNS OUT. WE ESTIMATE THAT LAKE TAHOE WILL REACH THE MINIMUM OF 6223.00 DURING THE LATTER PART OF

JULY. HOWEVER, THE OUTFLOW FROM TAHOE WILL HAVE REDUCED SO MUCH DURING JUNE AND JULY THAT BOCA RESERVOIR WILL HAVE BEEN DRAWN ON TO MAINTAIN THE 400 CFS FLOW AT FARAD. THEREFORE, IT IS LIKELY THAT BOCA RESERVOIR WILL NOT HAVE ANY WATER TO CONTRIBUTE DURING AUGUST.

ALL AGRICULTURAL IRRIGATION WILL HAVE BEEN CUT OFF AND WE WILL HAVE TO BEGIN DRAWING WATER FOR MUNICIPAL AND INDUSTRIAL SERVICE FROM OUR STORAGE AT DONNER LAKE AND INDEPENDENCE LAKE AT THE RATE OF 6,200 AF IN AUGUST AND 5000 AF IN SEPTEMBER. SINCE INDEPENDENCE HAD 12,500 AF IN STORAGE ON APRIL 1, AND DONNER IS ESTIMATED TO HAVE APPROXIMATELY 4,900 AF, IT CAN BE SEEN THAT THESE RESERVOIRS WILL BE SUBSTANTIALLY DRAWN ON BY THE END OF THE SEASON IN SEPTEMBER. IN ORDER TO GET THE MAXIMUM AMOUNT OF WATER THAT IS AVAILABLE FROM INDEPENDENCE AND DONNER WE ARE REQUESTING A PERMIT TO DREDGE THE OUTLET CHANNELS IN ORDER TO PROVIDE FOR THE MAXIMUM AMOUNT OF RELEASE AVAILABLE.

IF THE WINTER OF 1977-78 IS AS DEFICIENT IN PRECIPITATION AS THE PAST TWO WINTERS, WE WILL BE REDUCED TO THE AVAILABILITY OF THE SMALL AMOUNT OF REMAINING WATER IN INDEPENDENCE AND DONNER AND WHATEVER SMALL AMOUNT OF WATER MAY BE AVAILABLE FROM STAMPEDE RESERVOIR.

YOU ARE UNDOUBTEDLY AWARE THAT THE TOTAL CAPACITY OF STAMPEDE RESERVOIR IS APPROXIMATELY 226,500 AF, AND THAT DURING 1976 THE DEPARTMENT OF INTERIOR RELEASED IN EXCESS OF 100,000 AF FOR A FISHERY EXPERIMENT FOR PYRAMID LAKE. SIERRA SUBSEQUENTLY, THROUGH COURT ACTION AND DISCUSSIONS WITH THE DEPARTMENT OF THE INTERIOR, WAS ABLE TO HAVE THE FLOW TURNED OFF IN OCTOBER OF 1976, WITH THE REMAINING 50,000 AF BEING HELD UNTIL AFTER THE MOISTURE CONTENT IN THE SNOW PACK COULD BE EVALUATED THIS SPRING. IN FURTHER DISCUSSIONS, THE DEPARTMENT OF INTERIOR REDUCED THE FLOWS FROM 50 CFS, WHICH WAS INITIATED IN FEBRUARY

OF 1977, TO 35 CFS. ALL FLOW IS TO BE DISCONTINUED ABOUT JUNE 15, AT WHICH TIME THERE WILL BE APPROXIMATELY 30,000 AF REMAINING IN STORAGE. IN OUR NEGOTIATIONS WITH THE DEPARTMENT OF INTERIOR WE WERE INFORMED THAT CONSIDERATION WOULD BE GIVEN TO RELEASE OF THIS WATER FOR MUNICIPAL AND INDUSTRIAL PURPOSES; HOWEVER, THERE WERE CERTAIN STIPULATIONS MADE WHICH THE COMPANY AND THE AREA WERE ASKED TO COMPLY WITH IN ORDER TO HAVE THE WATER MADE AVAILABLE. GOVERNOR O'CALLAGHAN PERSONALLY INTERVENED WITH THE SECRETARY OF INTERIOR ANDRUS AND OBTAINED ASSURANCE FROM THE SECRETARY THAT THE FLOW WAS BEING RESTRICTED AND THAT COOPERATION WOULD BE RECEIVED FROM THE DEPARTMENT OF THE INTERIOR.

ONE OF THE CONDITIONS SPECIFIED BY THE DEPARTMENT OF THE INTERIOR WAS THAT ALL PARTIES WERE TO AGREE TO TAKE ALL REASONABLE ACTION TO CONSERVE WATER. ALTHOUGH IT WAS NOT SPECIFIED IN THE LETTER DATED MARCH 7 FROM SECRETARY OF THE INTERIOR ANDRUS TO GOVERNOR MIKE O'CALLAGHAN, DURING THE NEGOTIATIONS IT WAS SPECIFICALLY STATED THAT ONE OF THE CONSERVATION MEASURES WAS TO BE THE INSTALLATION OF WATER METERS.

SIERRA IS VERY CONCERNED ABOUT THE WATER SUPPLY PROBLEM FOR THIS AREA, ALTHOUGH STORAGE CAPACITY WILL ENABLE US TO PROVIDE AN ADEQUATE WATER SUPPLY FOR THIS YEAR, ASSUMING CONSERVATION IS PRACTISED. IF ANOTHER DROUGHT YEAR OCCURS IN 1978, WE WOULD BE IN A VERY CRITICAL SITUATION AND MAY HAVE EXTREME DIFFICULTY IN PROVIDING AN ADEQUATE SOURCE OF SUPPLY. WE ARE COOPERATING WITH THE CITIES OF RENO AND SPARKS IN SUPPORT OF A WATER CONSERVATION PROGRAM WHICH INCLUDES THE INSTALLATION OF WATER DAMS AND SHOWER RESTRICTORS, AS WELL AS SURVEILLANCE OF PROPER LAWN SPRINKLING. HOWEVER, EVEN WITH THIS TYPE OF WATER CON-

SERVATION WE FEEL THAT THE TOTAL EFFORT IS NOT ADEQUATE. IN OUR OPINION, AND FROM THE EXPERIENCE OF OTHER CITIES WHICH HAVE INSTALLED WATER METERS, WE THINK THAT THE ONLY TRUE METHOD OF CONSERVING ON WATER SUPPLY IS THROUGH METERING TO ALL CUSTOMERS. THE EXPERIENCE OF OTHER CITIES WHICH HAVE GONE THIS ROUTE INDICATES THAT A MINIMUM OF 20%-30% OF SUPPLY CAN BE SAVED THROUGH METERING.

A CONCERN HAS BEEN EXPRESSED AS TO WHERE AND HOW THE WATER SAVED THROUGH INSTALLATION OF WATER METERS COULD BE STORED AND THE PURPOSE FOR WHICH IT WOULD BE USED. AT THE PRESENT TIME WE DO HAVE THE ABILITY TO STORE WATER IN LAKE TAHOE AND EXCEPT FOR THE INFREQUENT TIMES WHEN LAKE TAHOE MAY BE FILLED TO ITS MAXIMUM LEVEL, THERE IS ADEQUATE CAPACITY FOR STORAGE IN THAT RESERVOIR. WE WOULD, HOWEVER, PREFER TO STORE SUCH WATER IN STAMPEDE RESERVOIR SINCE IT HAS A MUCH SMALLER SURFACE AREA AND, THEREFORE, THE EVAPORATION WOULD BE CONSIDERABLY REDUCED. THE DEPARTMENT OF INTERIOR HAS INDICATED A WILLINGNESS TO DISCUSS SUCH STORAGE; HOWEVER, ONE OF THE CONDITIONS MAKING IT IMPOSSIBLE TO NEGOTIATE AT THE PRESENT TIME IS THE FACT THAT WE DO NOT HAVE THE CAPABILITY BY LAW TO INSTALL WATER METERS.

ADDITIONALLY, AT THE PRESENT TIME WE ARE NOT IN A POSITION TO DISCUSS A REDUCTION OF STREAM FLOW AND MODIFICATION OF THE ORR DITCH DECREE UNTIL WATER METERS ARE INSTALLED AND A REDUCTION IN USE ACTUALLY TAKES PLACE. AT SUCH TIME AS METERS ARE INSTALLED AND THE CONSERVATION IS APPARENT, THE COMPANY WILL PETITION TO HAVE THE STREAM FLOW REDUCED BY THE AMOUNT OF THIS SAVING SO THAT STORAGE CAN BE EFFECTED UPSTREAM.

AGAIN, UNLESS THE INSTALLATION OF METERS IS PERMISSIBLE, WE HAVE NO BARGAINING POSITION TO NEGOTIATE FOR THE STORAGE OF SUCH WATER.

PUMPING FROM LAKE TAHOE HAS BEEN SUGGESTED AS A SOURCE OF SUPPLY FOR OUR WATER NEEDS. WE FIND THIS ALTERNATIVE MAY BE EXTREMELY DIFFICULT TO ACHIEVE. I REFER YOU TO MEMO #87 (EXHIBIT I) FROM ROGER S. TROUNDAY TO ASSEMBLYMAN ROBERT CRADDOCK. THE MEMO READS AS FOLLOWS: (READ IN MEMO). YOU CAN SEE FROM THIS MEMO HOW DIFFICULT, IF NOT IMPOSSIBLE, IT WOULD BE TO GET APPROVAL FROM ALL ENTITIES TO PUMP OUT OF LAKE TAHOE. FURTHERMORE, SIERRA PACIFIC, THE DISTRIBUTOR OF WATER IN RENO-SPARKS, WOULD NOT EVEN BE INVOLVED DIRECTLY IN THE NEGOTIATIONS.

THE UPSTREAM WATER SAVED THROUGH THE USE OF METERS WILL BE STORED AND USED DURING WATER-SHORT YEARS AND PERIODS OF HIGH WATER USE TO SATISFY THE MUNICIPAL AND INDUSTRIAL NEEDS OF SIERRA PACIFIC WATER SYSTEM. NONE OF THE WATER STORED WILL BE USED OTHER THAN TO SATISFY THE NEEDS OF THE COMPANY'S MUNICIPAL AND INDUSTRIAL CUSTOMERS, WHO ARE BEING SERVED WITHIN AN ESTABLISHED WATER SERVICE TERRITORY. THE COMPANY HAS NO INTENT TO SELL OR USE THE WATER FOR ANY OTHER PURPOSE AND WOULD HAVE EXTREME DIFFICULTY, IN ANY EVENT, TO CHANGE THE USAGE FROM MUNICIPAL/INDUSTRIAL TO ANY OTHER CLASSIFICATION.

THE USE OF WATER METERS WILL NOT IN ANY WAY AFFECT DOWNSTREAM WATER RIGHTS. IN FACT, DURING PERIODS OF ADEQUATE WATER SUPPLY WITH STORAGE RESERVOIRS FULL, THERE WILL BE MORE WATER AVAILABLE FOR TRUCKEE MEADOWS RANCHERS FOR IRRIGATION PURPOSES AND FOR ADDITIONAL DOWNSTREAM USE PRIOR TO REACHING PYRAMID LAKE. IN FACT, THE INSTALLATION OF DEVICES WILL BENEFIT NOT ONLY THE RENO-SPARKS-WASHOE COUNTY CUSTOMERS THROUGH STORAGE OF WATER FOR USE IN DROUGHT PERIODS, BUT WILL ALSO BE TO THE BENEFIT OF RANCHERS, FARMERS, AND PEOPLE USING PYRAMID LAKE FOR RECREATIONAL PURPOSES.

IN ADDITION TO THE BENEFITS OF STORAGE FOR OUR CUSTOMERS, THERE ARE MONETARY BENEFITS TO ALL CURRENT AND FUTURE CUSTOMERS. ALL THE WATER DISTRIBUTED IN OUR WATER SYSTEM OF NECESSITY MUST BE TREATED WATER WHETHER IT IS USED FOR LAWN SPRINKLING OR HUMAN CONSUMPTION. THE COSTS OF TREATING WATER ARE APPROXIMATELY \$100 PER ONE MILLION GALLONS. WITH AN APPROXIMATE 20% REDUCTION IN USE FROM WATER METERS, THERE WOULD BE AN ESTIMATED SAVINGS OF 3.3 BILLION GALLONS OF WATER WHICH WOULD RESULT IN A REDUCTION IN ANNUAL TREATMENT COSTS OF ABOUT \$300,000. AS THE AREA GROWS AND CONSUMPTION INCREASES, THESE TREATMENT COSTS WOULD ALSO BE GREATER. A SIDE BENEFIT OF THE REDUCTION IN CONSUMPTION WOULD BE THE REDUCTION IN THE AMOUNT OF WATER BEING PROCESSED BY THE RENO-SPARKS SEWAGE TREATMENT PLANT. WE HAVE BEEN INFORMED THAT WATER TREATMENT COSTS ARE PRESENTLY \$125 PER MILLION GALLONS AND UNDER THE PROPOSED NEW WATER TREATMENT PLANT, WITH THE CONDITIONS IMPOSED BY EPA, THE COSTS WOULD BE AS HIGH AS \$500 PER MILLION GALLONS. A 3.3 BILLION GALLONS SAVING WOULD MEAN AN ADDITIONAL SAVING IN SEWAGE TREATMENT COSTS OF APPROXIMATELY \$200,000 ANNUALLY PRESENTLY AND AS HIGH AS \$800,000 AFTER THE NEW PLANT HAS BEEN CONSTRUCTED.

INSTALLATION OF METERS AND THE REDUCTION IN CONSUMPTION WOULD RESULT IN DELAYING THE CONSTRUCTION OF THE SECOND WATER TREATMENT PLANT FROM 1987 TO APPROXIMATELY THE YEAR 2000. THE VALUE OF THIS PLANT IS ESTIMATED AT \$7-\$7½ MILLION. THE REVENUES REQUIRED TO SUPPORT SUCH A PLANT WOULD APPROXIMATE \$1½ MILLION A YEAR. A POSTPONEMENT ON THE PLANT WOULD RESULT, THEREFORE, IN A VERY SUBSTANTIAL SAVING TO ALL CUSTOMERS OVER A LONG PERIOD OF TIME. IN FACT, HAD WATER METERS BEEN IN SERVICE CURRENTLY, THE WATER TREATMENT FACILITY THAT WE WILL BE PLACING IN SERVICE IN JUNE WOULD NOT HAVE BEEN NECESSARY UNTIL APPROXIMATELY 1982.

ALTHOUGH WE HAVE NOT HAD AN INCREASE IN RATES TO COVER THE COST OF THIS EXPANSION, THE COMPANY WILL HAVE TO FILE FOR RATE RELIEF LATER THIS YEAR. REVENUE REQUIREMENTS FOR THIS ADDITIONAL PLANT WILL BE APPROXIMATELY \$1½ MILLION ANNUALLY.

WE AT SIERRA FEEL VERY STRONGLY THAT PRICING OF WATER THROUGH METERING IS THE ONLY FAIR METHOD OF CHARGING FOR THE USE OF WATER. ON THAT BASIS EACH CUSTOMER WOULD BE PAYING FOR WATER AT THE LEVEL OF HIS PARTICULAR CONSUMPTION. THEREFORE, THE POOR, THE ELDERLY, THE APARTMENT DWELLERS, WHO HAVE A LOW CONSUMPTION WOULD NOT BE SUBSIDIZING USE BY INDIVIDUALS WHO HAVE LARGE LAWNS AND IRRIGATING REQUIREMENTS, OR WHOSE WATER CONSUMPTION IS HEAVY FOR WHATEVER REASON THEY MAY HAVE.

THE TOTAL REVENUE REQUIREMENTS OF THE COMPANY WILL REMAIN THE SAME REGARDLESS OF WHETHER WATER METERS OR FLAT RATE SERVICE IS PROVIDED. WE HAVE LOOKED INTO VARIOUS METHODS OF FINANCING WATER METERS. WE HAVE ESTIMATED THE COST TO INSTALL WOULD APPROXIMATE \$300 PER CUSTOMER FOR A TOTAL OF ABOUT \$10 MILLION. WE ARE INQUIRING AS TO THE AVAILABILITY OF FEDERAL FUNDS FOR THIS PROJECT. IN THE ABSENCE OF FEDERAL FUNDS WE WOULD PROPOSE THE ISSUANCE OF TAX EXEMPT SECURITIES TO COVER THE COST OF INSTALLATION. SUCH COSTS WOULD BE RECOVERED FROM EACH CUSTOMER, PLUS INTEREST, OVER A PERIOD OF FIVE TO TEN YEARS. WE ALSO ARE LOOKING AT THE POSSIBILITY OF BORROWING SHORT-TERM FUNDS FOR THE SAME PURPOSE, AGAIN ALLOWING THE CUSTOMER TO REPAY THIS OVER A FIVE TO TEN YEAR PERIOD, PLUS INTEREST COSTS. THE COST OF INSTALLATION WOULD BE OFFSET IN PART BY THE SIZABLE REDUCTION IN WATER AND SEWAGE TREATMENT COSTS. THE COMPANY DOES NOT INTEND TO OWN THE METERS OR INCLUDE IT IN RATE BASE AS THIS APPROACH WOULD BE THE MOST COSTLY

TO THE CONSUMER.

ASSUMING THE STATUTE IS REPEALED AND THE INSTALLATION OF METERS IS PERMISSIBLE, THE COMPANY WOULD STILL HAVE TO APPLY TO THE PUBLIC SERVICE COMMISSION FOR PERMISSION TO MAKE THE INSTALLATIONS. THE PUBLIC SERVICE COMMISSION, IN TURN, WOULD HOLD PUBLIC HEARINGS TO DETERMINE THE FEASIBILITY OF INSTALLING WATER METERS AND, SECONDLY, TO SET THE RATE THAT WOULD BE CHARGED. THE COMPANY COULD NOT ON ITS OWN PUT INTO EFFECT A RATE SCHEDULE. ALL RATE SCHEDULES MUST BE APPROVED BY THE PUBLIC SERVICE COMMISSION AND THE PUBLIC SERVICE COMMISSION WOULD ONLY ALLOW A RATE WHICH THEY FEEL WOULD BE FAIR TO THE CONSUMER AND WHICH WOULD PROVIDE A PROPER RATE OF RETURN TO THE UTILITY. SINCE THE WATER METERS WOULD NOT BE IN RATE BASE, THE TOTAL REVENUES REQUIRED TO PROVIDE SERVICE, USING WATER METERS, WOULD BE THE SAME AS THE TOTAL REVENUES CURRENTLY BEING REQUIRED FROM OUR CUSTOMERS ON A FLAT RATE BASIS.

I AM STRONGLY OPPOSED TO AB 438 AS IT IS NOW DRAFTED.

THE STUDY PROPOSED TO BE CONDUCTED BY THE LEGISLATIVE COMMITTEE IS A DUPLICATION OF AN EVEN MORE INTENSIVE PUBLIC HEARING THAT MUST BE HELD BY THE NEVADA PUBLIC SERVICE COMMISSION BEFORE INSTALLATION OF WATER METERS WOULD BE AUTHORIZED. SUCH A PUBLIC HEARING WOULD GIVE ALL CONSUMERS AN OPPORTUNITY TO TESTIFY AND WOULD ALLOW ALL GOVERNMENTAL ENTITIES, INCLUDING LEGISLATORS, TO PARTICIPATE. THE COMMISSION IS AN IMPARTIAL BODY OBLIGATED BY LAW TO RENDER ITS DECISION BASED ON THE FACTS PRESENTED AT THE HEARINGS. IF THE EVIDENCE WOULD SUPPORT INSTALLATION OF WATER METERS, THEY WOULD SO RULE. OR IF THE EVIDENCE INDICATED IT WAS NOT THE PROPER APPROACH, THEY WOULD HAVE TO SO INDICATE.

SINCE THE PUBLIC SERVICE COMMISSION MUST HOLD A PUBLIC HEARING THE TAXPAYERS COULD BE SAVED THE \$50,000 EXPENSE OF A LEGISLATIVE STUDY. THE MONEY COULD BE PUT TO BETTER USE BY THE PUBLIC SERVICE COMMISSION IN RETAINING EXPERTS TO SUPPORT THE STAFF OF THE COMMISSION IN MAKING ITS REVIEW OF WATER METERS.

IN LETTERS TO ASSEMBLYMAN PATRICK MURPHY, CHAIRMAN OF THE ASSEMBLY GOVERNMENTAL AFFAIRS COMMITTEE, MAYOR JAMES LILLARD OF SPARKS AND CITY MANAGER ROBERT OLDLAND OF RENO (EXHIBITS II AND III) HAVE FIRMLY STATED THEY DO NOT WANT OR FEEL IT THEIR RESPONSIBILITY TO DETERMINE THE USE OF WATER METERS. MAYOR LILLARD STATES AS FOLLOWS:

"THE PURPOSE OF THIS LETTER IS TO CLARIFY THE TESTIMONY OF THE CITY MANAGER AND MYSELF AT THE GOVERNMENTAL AFFAIRS COMMITTEE HEARING ON MARCH 24, 1977 REGARDING WATER METERS. IT WAS OUR INTENTION TO RECOMMEND THE REPEAL OF THAT SECTION OF NRS 704.230 PROHIBITING WATER METERS IN WASHOE COUNTY. IT IS OUR UNDERSTANDING THAT YOUR PROPOSED AMENDMENT WOULD APPEAL THAT SECTION AND REQUIRE THE CITIES TO FILE AN APPLICATION FOR WATER METER INSTALLATION WITH THE PUBLIC SERVICE COMMISSION. IF OUR UNDERSTANDING OF THE PROPOSED AMENDMENT IS CORRECT, WE WOULD NOT SUPPORT THAT LAST PORTION OF THE AMENDMENT. IN OTHER WORDS WE FEEL THAT THE NRS SECTION 704.230 PROHIBITING WATER METERS IN WASHOE COUNTY SHOULD BE REPEALED THUS ALLOWING THE PUBLIC UTILITY COMPANY TO FILE THE APPLICATION FOR INSTALLATION OF WATER METERS. IN THIS CASE IT WOULD BE SIERRA PACIFIC POWER COMPANY FILING THE APPLICATION WITH HEARINGS HELD BY THE PUBLIC SERVICE COMMISSION."

CITY MANAGER BOB OLDLAND STATES:

"THIS AMENDMENT HAS BEEN REVIEWED WITH THE RENO CITY COUNCIL AND ALL MEMBERS INDICATE THAT THEY WOULD NOT FAVOR SUCH AN AMENDMENT WHICH WOULD PLACE THE LOCAL CITY COUNCIL IN A POSITION OF DETERMINING POLICY FOR UTILITIES WHEN THEY DO NOT OWN OR CONTROL THE WATER UTILITY. FURTHER, THAT THE CITY'S POSITION IS ONE OF OPPOSITION TO BEING CONSIDERED DIFFERENTLY THAN OTHER PORTIONS OF THE STATE.

"THE CITY COUNCIL OF RENO INSTEAD RESPECTFULLY REQUESTS THAT THE ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS CONSIDER SIMPLY REPEALING THE EXISTING LEGIS-

"LATION WHICH NOW SINGLES OUT THE RENO AREA AND PROHIBITS WATER METERS (NRS 704.230). THIS WOULD THEN PLACE THE RENO AREA IN THE SAME POSITION AS THE REST OF THE STATE."

IN MY OPINION ONLY SECTION 1 OF AB 438 SHOULD BE ADOPTED, WHICH PROVIDES FOR AN OUTRIGHT REPEAL OF NRS 704.230 AND LEAVE THE MATTER IN THE EXPERT HANDS OF THE NEVADA PUBLIC SERVICE COMMISSION.



STATE OF NEVADA
DEPARTMENT OF HUMAN RESOURCES

CAPITOL COMPLEX
ROOM 600, KINKEAD BUILDING

505 E. KING STREET
CARSON CITY, NEVADA 89710

TELEPHONE (702) 885-4730

March 25, 1977

DEPARTMENTAL
DIVISIONS

- AGING SERVICES
- CHILD CARE SERVICES
- HEALTH
- MENTAL HYGIENE-
MENTAL RETARDATION
- REHABILITATION
- WELFARE
- YOUTH SERVICES AGENCY

MIKE O'CALLAGHAN
GOVERNOR

ROGER S. TROUNDAY
DIRECTOR

MEMO #87

TO: ASSEMBLYMAN ROBERT CRADDOCK

FROM: ROGER S. TROUNDAY

SUBJECT: LAKE TAHOE

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

One phase of the agreement states that water will not be removed from Lake Tahoe for irrigation or power use by any means other than gravity except upon the condition that the Secretary of the Interior of the United States shall have first decreed the same a necessity.

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

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

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

Memo #87
March 25, 1977
Page 2

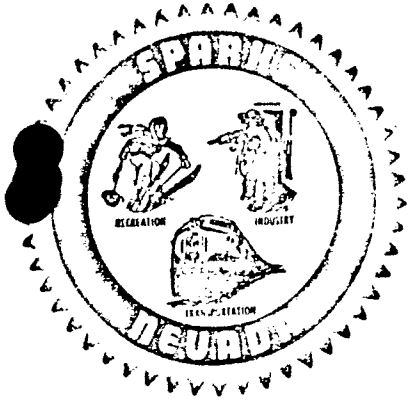
This would be a long and cumbersome process and might be difficult to gain any positive results since the State of California would also have to concur. Naturally in any such setting, it would be necessary for the State of Nevada to demonstrate to the State of California that we are using every possible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

I would be happy to meet with you further on this at your convenience.

ROGER S. TROUNDAY

RST/lr

JAMES C. LILLARD
Mayor



CITY OF SPARKS

OFFICE OF THE MAYOR
City Hall: 431 Prater Way, Sparks, Nevada 89431
Area Code 702 - 359-2700

March 24, 1977

Patrick Murphy, Chairman
Governmental Affairs Committee
Nevada State Legislature

Dear Chairman Murphy:

The purpose of this letter is to clarify the testimony of the City Manager and myself at the Governmental Affairs Committee hearing on March 24, 1977 regarding water meters. It was our intention to recommend the repeal of that section of NRS 704.230 prohibiting water meters in Washoe County. It is our understanding that your proposed amendment would appeal that section and require the cities to file an application for water meter installation with the Public Service Commission. If our understanding of the proposed amendment is correct, we would not support that last portion of the amendment. In other words we feel that the NRS Section 704.230 prohibiting water meters in Washoe County should be repealed thus allowing the public utility company to file the application for installation of water meters. In this case it would be Sierra Pacific Power Company filing the application with hearings held by the Public Service Commission.

We would suggest an alternative amendment to AB 438 as follows "The Public Service Commission would proceed to require utilities to install water meters only upon application from a local governing body or the public utility furnishing water in the area."

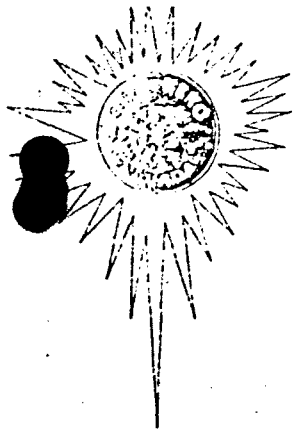
We believe this course of action would insure local government's home rule prerogative and at the same time insure that this critical matter would be dealt with in a timely manner and not "sat on" as feared by some committee members. If the Governmental Affairs Committee has any questions regarding our stand on this matter, we are available at your convenience to discuss our recommendation in more detail.

Thank you for your consideration of this clarification Chairman Murphy.

Respectfully submitted,

JAMES C. LILLARD
Mayor

JCL/mp



CITY OF RENO

From the Office of: The City Manager

March 24, 1977

Honorable Patrick Murphy, Chairman
Members of the Nevada State Assembly
Committee on Government Affairs
Legislative Building
Carson City, Nevada 89701

Dear Mr. Murphy and Honorable Members:

I write with respect to a proposed amendment to Assembly Bill No. 438, a bill which authorizes the Public Service Commission to require certain public utilities to install and use water meters.


As conveyed to us, the proposed amendment would require the installation of water meters upon application of the local governing body.

This amendment has been reviewed with the Reno City Council and all members indicate that they would not favor such an amendment which would place the local city council in a position of determining policy for utilities when they do not own or control the water utility. Further, that the City's position is one of opposition to being considered differently than other portions of the State.

The City Council of Reno instead respectfully requests that the Assembly Committee on Government Affairs consider simply repealing the existing legislation which now singles out the Reno area and prohibits water meters (NRS 704.230). This would then place the Reno area in the same position as the rest of the State.

We thank you for your consideration.

Very truly yours,


Robert H. Oldland
City Manager

RHO:MWE:kls
xc: Members of Nevada State Legislature
Mayor and City Council
City Attorney

March 31, 1977

QUESTIONS AND ANSWERS
FOR THE WASHOE COUNTY LEGISLATIVE DELEGATION

*Greenland
2/14/77 C*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A7. As previously mentioned, upstream storage is more than adequate, provided we are allowed to store the water.

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

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

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

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

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

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

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

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

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

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

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

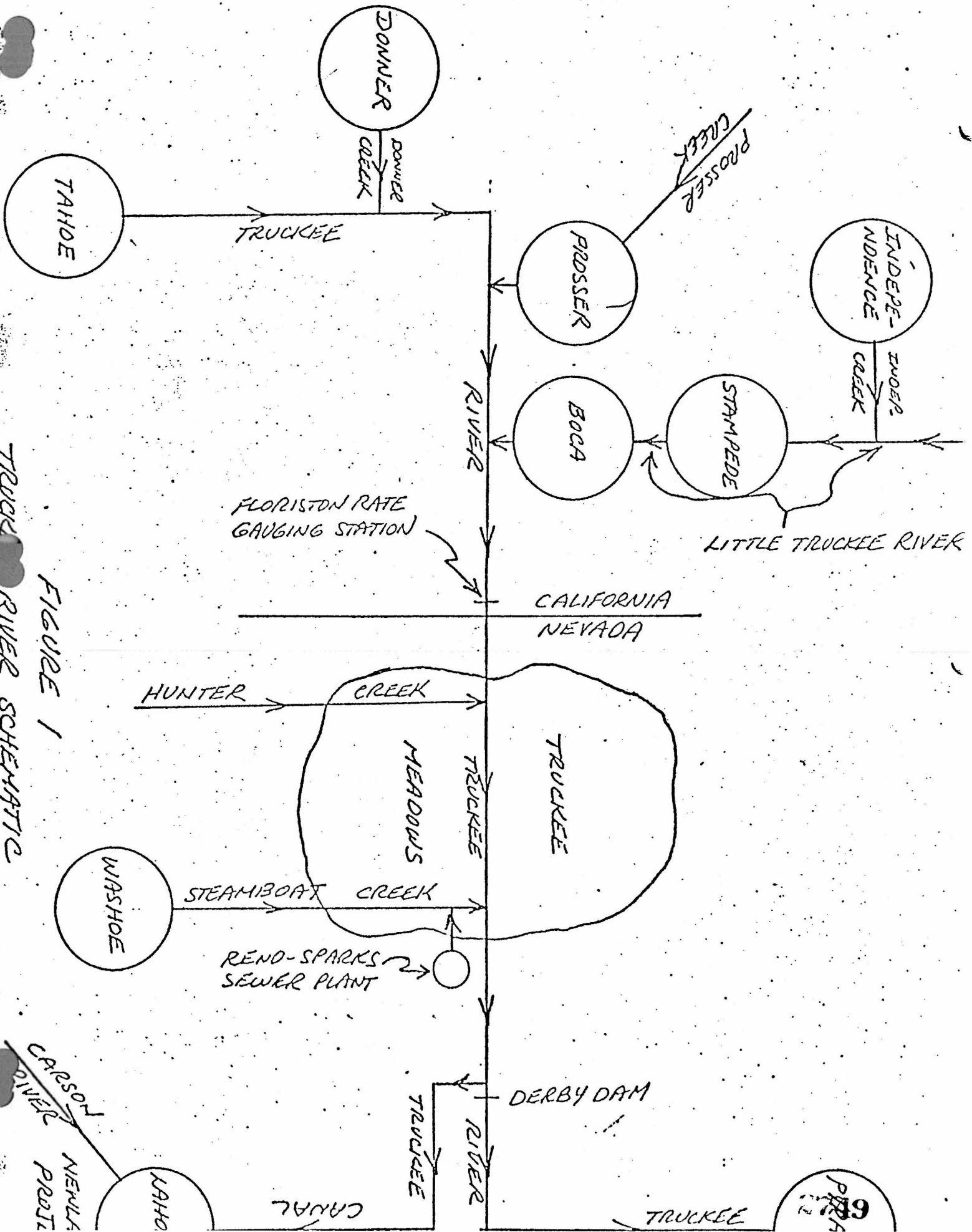
Q12. What will happen to water rates if meters are installed?

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

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

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

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



TRUCKEE RIVER SCHEMATIC
FIGURE 1

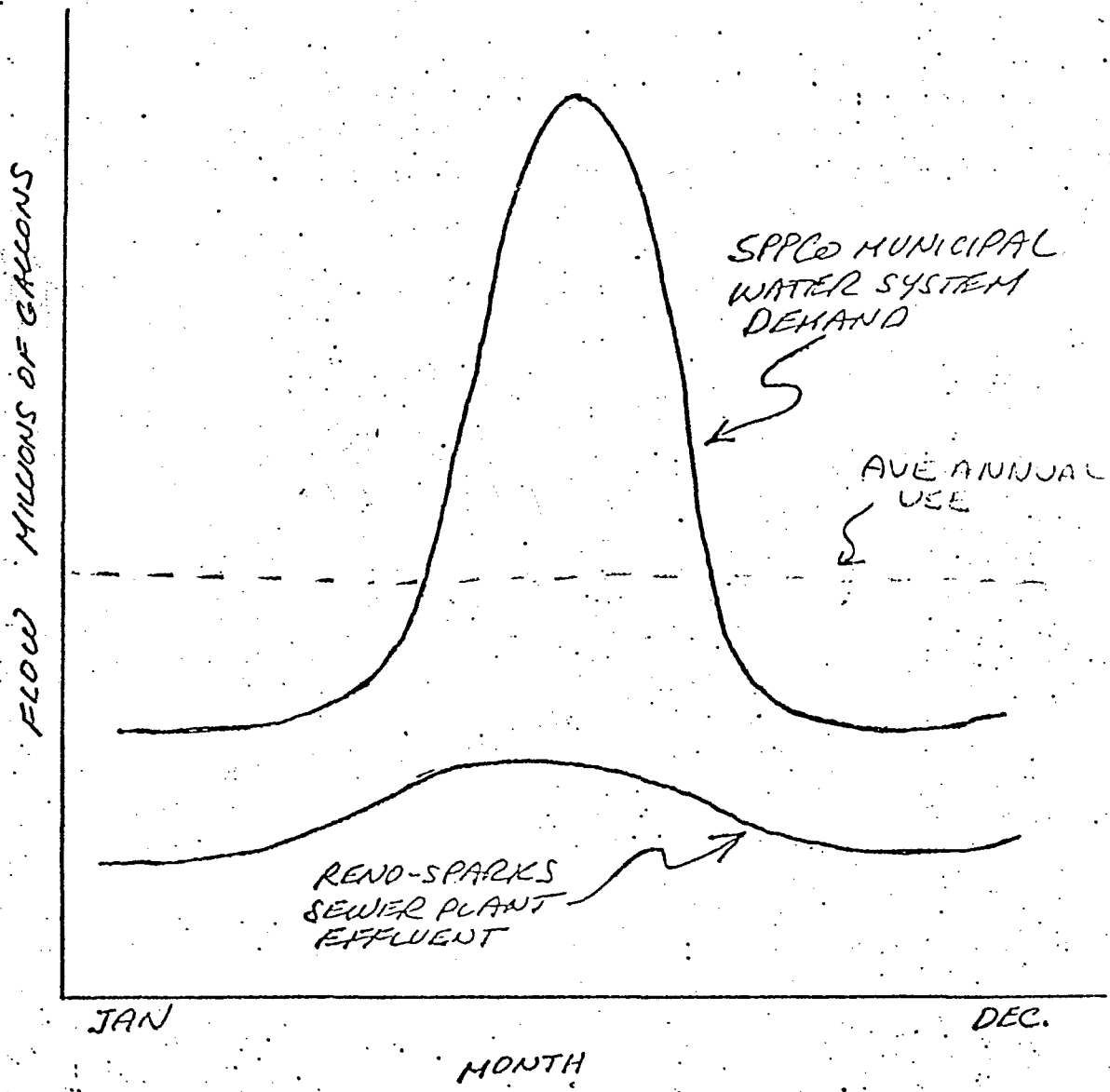


FIGURE 3
SPPCO WATER SYSTEM DEMANDS AND
RENO-SPARKS SEWER PLANT FLOWS

EDMUND G. BROWN
GOVERNOR OF
CALIFORNIA

WILLIAM E. WAPPE
ADMINISTRATOR
RESOURCES AGENCY

ADDRESS ONLY TO
P. O. BOX 208
SACRAMENTO 2, CALIF.



Greenland
W. E. Wappe

THE RESOURCES AGENCY OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

1120 N STREET, SACRAMENTO

January 9, 1962

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

Dear Mr. White:

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

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

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

2751

January 9, 1962

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

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

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

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

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

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

Sincerely yours,

/s/ R. C. Price

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

ASSEMBLY ACTION

SENATE ACTION

ASSEMBLY / ~~SENATE~~ AMENDMENT BLANK

Adopted
 Lost
 Date: _____
 Initial: _____
 Concurred in
 Not concurred in
 Date: _____
 Initial: _____

Adopted
 Lost
 Date: _____
 Initial: _____
 Concurred in
 Not concurred in
 Date: _____
 Initial: _____

Amendments to ~~ASSEMBLY~~ / Senate
 Bill / ~~Joint Resolution~~ No. 431 (BDR 7-1340)
 Proposed by Committee on Judiciary

Exhibit E

1977 Amendment N^o 1234 A



Amend section 1, page 2, delete line 6, and insert:

"corporation contains the words "engineer," "engineered," "engineering,"
"professional engineer" or".

Amend the bill as a whole by deleting section 2.

*heard 4-11-77
amend. 5-4-77*