SENATE
COMMERCE & LABOR
COMMITTEE

Minutes of Meeting
Thursday, May 5, 1977

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

Senator Thomas Wilson was in the Chair.

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

OTHERS PRESENT: Dick Rottman
Joe L. Gremban
Roland Westergard
Mr. Davis
Bob Leighton

The Committee considered the following:

A.B. 642 ESTABLISHES INSURANCE RECOVERY FUND TO REPLACE BONDS FILED BY INSURANCE BROKERS, AGENTS AND OTHERS. (BDR 57-1616)

Mr. Dick Rottman, Insurance Commissioner, discussed A.B. 642 with the Committee and offered the attached suggested amendment (Exhibit A). He considered the $25,000 in the fund as being adequate simply because the pay outs in the past under these bonds have been very limited. Usually you have a recovery from the individual. If you did not have a recovery then perhaps there would be some chance that other disciplinary action could be taken, but under many circumstances you would have a partial if not a full recovery into this. This would be a substitute for the bond. He said they modified the effective date of the bill because their licenses are already issued for this year and they didn't want a duplication. He asked the favorable consideration of the

Committee with these amendments. He said the bill will only be in effect for one year before the next Legislature meets. If they have some adverse consequences with it, they would come back for some changes. He believes it will be a better measure for protecting the people than what they have under the current bonding system.

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

Mr. Gremban, Sierra Pacific Power Company, offered the Committee materials they had requested in meeting of May 4, 1977 (Exhibit B).

SENATOR WILSON asked Mr. Westergard if he agreed with the process of receiving authority to pump water. Mr. Westergard indicated he had talked to several people since the hearing last night in which they discussed that district courts would possibly have this jurisdiction. Indicated the general agreement was that the Truckee River Agreement would be the vehicle to accomplish this. If the pumpage were for irrigation or power purposes it would require the Secretary of Interior to be involved. If for health or domestic purposes the agreement provides that a certificate would have to be entered by the health agencies in both states and certified to the Attorney General of both states. He indicated he felt that the Governors of both states would probably be involved. Agreed that the entities listed in Exhibit B would have to concur before a position could be adopted by the State of California.

Mr. Gremban discussed statistics on water use and price in Exhibit B. Refer to Tape 1 for full testimony. He introduced Mr. Bob Leighton who told the Committee that 1924 was the driest year on record and this year is going along, so that it may be even drier than 1924 as far as run-off is concerned. He said they have projected that at the end of this year Lake Tahoe would be below the rim and Boca Reservoir would be dry, and we would probably have to use the reserves in Independence and Donner Lakes to fill the needs this year. Therefore, by assuming that 1978 would be the same as another 1924, starting

off with all of the reservoirs depleted. There would be no water available for storage under that condition so none of the reservoirs would build up. He said the flow in the river in April and May would not meet the demand for the irrigators and the domestic use, but would provide some water for the irrigators and the domestic use would be able to get through until June. Lake Tahoe would not rise at all but would continue to drop during the year and would never rise to the rim. There would be no outflow from Tahoe at all. In June the run-off would be over (what there was) and we could be faced with a river flow of 50 cu. ft. per second which would be just what natural drainage would come from springs and some of the tributaries. We would not have enough water to supply a city system from the river. We would use our wells and have to draw from storage or some other source, about 6,000 acre feet a month for a period of four months. Would use the wells to the greatest extent that we could. He said we need 6,000 acre feet a month at the state line where it is in the river and measured. The actual demand of the system does not come up to that amount, but we need water in the river to carry the water to points of diversion and to maintain as good a quality as we can. Have to maintain a flow of 150 cubic feet per second.

Acre foot = 326,000 gallons.
6,000 acre feet = 2 billion gallons a month.
Shortage per day = 700,000 gallons.
Tourist visitor days - 23,000 tourist days a month.
(allowing each visitor to use 200-300 gal.)

He said it may have to come from Stampede if there is any available and they would let us have it, or pump out of Lake Tahoe. The cost of water from Stampede would have to be negotiated but they have proposed $100.00 per acre foot = $2-1/2 million. Cost for pumping is unknown - would be substantial. The cheapest form would be able to provide storage upstream. In tourism would run a loss of about $7 million a month.

Sierra Pacific presented a graph showing the boundaries where they would have to stay in order to get good quality water. Indicated there is a hot water

situation in the west and south and arsenic and other minerals are problems in some areas.

SENATOR WILSON recapped as follows: Based on the testimony on May 4, 1977, it seems at the present rate it is going to be one of the driest on record. We have adequate water reserves in storage to supply up to the summer and fall and if next winter is a repeat of the last (76-77) then you will not have water storage beyond June. Absent the ability to pump from Lake Tahoe, you will be able to deliver during the four summer months something close to half the average present daily demand during the summer months and that will be increased somewhat by increased commerce, more tourists, new hotels, and the like, but so far as the present average daily demand during those four months of 95 million gallons a day, you will be able to deliver only half.

Mr. Gremban stated that is basically correct, about 6,000 acre feet short a month.

Mr. Roland Westergard concurred with Senator Wilson's general summary.

Mr. Gremban indicated that all lawn watering would have to be cut out.

SENATOR ASHWORTH indicated methods of water employed in Las Vegas in years past when there was a shortage of water.

Mr. Gremban indicated that if you continued to water lawns you would have to close hotel rooms and keep people from coming in.

SENATOR ASHWORTH told the Committee that Mr. Westergard had told him that in southern Nevada in the service area was 152 million in July. Therefore, it is 1-1/2 times in July what the need is in Reno. Reno population is 125,000 (with tourists 175,000) using 95 million and in Las Vegas you have 152 million gallons being used by the static population of 350,000 people and another 150,000 tourists on any given weekend in Las Vegas. There will be 3 to 3-1/4 times the number of people using only 1-1/2 times as much which indicates to him that there

would be an abundance of water if there was tremendous conservation of water in any area that is being over-utilized such as is the Truckee Meadows.

Mr. Davis, Reno Chamber of Commerce, stated they have taken the position of supporting the bill. He stated they did not see much of an alternative, particularly in view of the Federal Court Order that restricts the storage upstream. He believes some drastic measures must be taken. Some conservation measures have already been started. Flow restrictors, the damps in the toilets, the conservation of water, ice, etc., through tourist usage.

Mr. Gremban indicated that Mr. Leighton had told him that 2 or 3 wells could be added in the area but if they go beyond that they would be jeopardizing the quality of all of the wells.

Mr. Roland Westergard stated that to even approach California about pumping out of Lake Tahoe, we will have to convince them that every possible conservation measure is being implemented and practiced in Nevada. Further, he believes we would be in a very weak negotiating and discussion position with not only California but the Federal Government.

SENATOR WILSON asked if it was Mr. Westergard's feeling that the Committee should process the bill not as amended by the Assembly but so far as the repealing is concerned. What with all the possible impact of another dry winter, the economic effect upon the community and the inability to water lawns which would mean a loss of landscape and investments for those homeowners who have made them, SENATOR WILSON asked Mr. Westergard specifically if he recommended the repealer in light of the testimony the Committee has heard. Mr. Westergard indicated "yes".

There being no further business the meeting was adjourned at 2:35 P.M.

Respectfully submitted,

Lynda Lee Payne, Secretary

Senate

APPROVED BY:

Thomas R.C. Wilson, Chairman

Rattman
Exhibit A

AMEND A.B. 642 as follows:

Line 12, Page 1.

3. The Commissioner shall adopt reasonable regulations for the administration of the fund, including the manner, time, procedure and grounds for recovery against the recovery fund.

4. The limit of liability of the recovery fund shall not exceed $5,000 per fiscal year for any one licensee.

Section 9

The effective date of this Bill is March 31, 1978.

Exhibit D

MEMORANDUM

May 5, 1977

TO: Joe L. Gremban

FROM: R. S. Leighton

Re: Pumping from Lake Tahoe

The memo from Roger S. Trounday to Assemblyman Craddock sets forth the provisions of the Truckee River Agreement which deals with the requirements necessary to permit pumping from the lake.

The State of California nor the littoral land owners around Lake Tahoe were not parties to that agreement and therefore not bound by it.

Therefore, I assume, that approval of pumping from the lake would have to be reviewed by a number of agencies in California under present conditions. Among those agencies would be:

Attorney General
Lahontan Water Pollution Control Board
Water Resources Control Board
California Fish & Game Department
Tahoe Regional Planning Agency
California Tahoe Regional Planning Agency
California Council of Environmental Quality
Department of Health and Welfare
League to Save Lake Tahoe
Tahoe Area Council

In addition, the California-Nevada Interstate Compact provides that pumping shall be permitted in the event of drought emergency for domestic, municipal and sanitary purposes when it is determined by the Compact Commission that all other water available is being so utilized. This compact has been ratified by both states but has not been consented to by the Congress.

FINDINGS & STATISTICS

SIERRA PACIFIC POWER COMPANY

WATER SUPPLY SYSTEM

January 27, 1977

Water Meters

1. Are there any alternatives to water meters?

Assuming that this question is directed toward effective conservation, the answer is "no." Many areas have attempted by use of police power to enforce conservation. This has resulted in some reduction in consumption but the only effective way to date has been to charge consumers directly for their use, i. e., billing by meters.

2. Why do we need water meters?

If we are to provide water service for the potential needs of the area, it will be necessary to reduce present consumption levels in order to effectively use present supplies of water for more and more alternate purposes.

In addition, of course, a reduction in water consumption levels will lighten the burden on sewer facilities in the near future.

3. How many customers will be affected by the installation of water meters?

The attached table shows that, as of December 1976, 29,319 residential and 2,970 commercial and industrial customers, a total of 32,289, will be directly affected by the installation of water meters. In addition, 4,054 residential customers and 770 commercial and industrial customers, a total of 4,824 customers, will be indirectly affected as they receive service from multi-service facilities that would be metered by a single meter.

The total customer count involved, both directly and indirectly, would be 33,373 residential and 3,740 commercial and industrial, a total of 37,113.

4. What methods of financing are available for water meters?

There are several ways of financing water meters, five of which have been under active investigation by Sierra Pacific as follows:

a. Special assessment districts.
b. Appliance financing with public revenue bonds.
c. Utility financing with public revenue bonds.
d. Utility financing with private long-term debt.
e. Federal funding or grants.

The concept of special assessment district financing would incorporate the organization of a special assessment district by a local authority who would in turn obtain revenue bond financing and install meters for all existing customers by means of special assessments.

Appliance financing by the utility with revenue bonds would entail the borrowing of funds and installation of meters by the utility with the costs billed directly to existing customers, the utility merely acting as a fiscal agent.

In the two cases of utility financing, the installation of meters and its financing would be performed in the normal manner with the cost of the installation included in rate base.

In the latter instance, federal funding or grants, an investigation is underway to determine the availability of such funds or the method by which they might become available.

5. What will be the impact on these customers?

A. Water Meter Installations

This is a difficult question to answer as the cost of installation will not be known until bids are received and the costs of financing, not until the funds are obtained.

To assist by providing a guess as to these costs, we have proposed them under stated conditions on a $100 cost unit which can be multiplied by the ratio of actual costs to $100 to obtain an answer. In addition, we have made the following assumptions:

Alternate A - Special Assessment District - 7½% bonds, 10 year term.
Alternate B - Appliance Financing - 7½% bonds, 10 year term.
Alternate C - Utility Financing - 7½% revenue bonds, 30 year term, 35 year meter life.
Alternate D - Utility Financing - 9% bonds, 30 year term, 35 year meter life.

Annual Costs of $100 Meter Installation

Year	Alternate A	Alternate B	Alternate C	Alternate D
1	$ 14.16	$ 14.16	$ 19.40	$ 20.36
2	14.16	14.16	16.63	17.45
3	14.16	14.16	15.99	16.77
4	14.16	14.16	15.39	16.13
5	14.16	14.16	14.81	15.52
6	14.16	14.16	14.26	14.93
7	14.16	14.16	13.74	14.38
8	14.16	14.16	13.24	13.84
9	14.16	14.16	12.76	13.33
10	14.16	14.16	12.29	12.84
Subtotal	141.60	141.60	148.51	155.55
11-35	--	--	187.26	193.28
Totals	$141.60	$141.60	$335.77	$348.83

At the present time, it is estimated that the average cost of meter installation for existing customers would be somewhat in excess of $300 per installation which would mean that the amounts in the table above would be multiplied by three for an answer.

These estimates indicate that the preferable method of financing would be Alternate A, Special Assessment District or Alternate B, Appliance Financing. It is anticipated that Alternate E, Federal Funding or Grant, would be more favorable than A or B, if obtainable.

Rates

The rate to be charged for metered service will depend upon the cost of service at the time and the amount of conservation.

To obtain an indication of what that rate might be, we have taken the cost of service presently under review by the Public Service Commission and assumed that system output would normally have been 15,000,000,000 gallons; losses and unaccounted for would be 14%; and metering would affect conservation in the order of 22½% on an annual basis. These conditions would equate to the following rate:

Customer Charge - $1.15
Commodity Charge - 68.5¢ per thousand gallons

The ultimate effect of this rate upon a particular customer would depend upon the present level of billing, the size of the meter required, and the water consumed. For illustration, however, let us turn to the smaller customer, i. e., single-family residences with 3/4" service connections.

For this customer, the proposed flat rate of Sierra Pacific in the noted rate proceeding is $11.05. Under the proposed metered service rate above, the customer using less than 14,450 gallons per month (173,400 gallons annually) would receive a reduction from the flat rate billing and the customer using more than 14,450 gallons would receive an increase.

Sierra Pacific Power Company
Analysis of Certain Water Customers
December 1976

Particulars	Number
Number of Customers	
Residential	
Single Family Service	29,246
Multiple Single Family Service (2)	315
Multi-Unit Service (1)	59
Multi-Unit Service (2)	1,523
Tenant Service (2)	2,157
Total Residential	33,300
Commercial & Industrial	
General Service	2,427
Multi-Unit Service - A	13
- B	770
Total Commercial & Industrial	3,210
Irrigation	
Residential	73
Commercial	188
Total Irrigation	261
Private Fire Protection	342
Total Number of Customers	37,113
Customers Served By Separate Service Connections	
Residential	29,319
Commercial	2,970
Total Customers Served By Separate Service Connections	32,289
Customers Served By Joint-Use Service Connections	
Residential	4,054
Commercial	770
Total Customers Served By Joint-Use Service Connections	4,824

Note:
(1) Mobile Home Parks
(2) Multiple Units Served On Single Connections

WATER STATISTICS
1976

1.	Total Water Consumption	15,058,977,000	Gallons
2.	Panther Valley	37,685,000	Gallons
3.	Sun Valley	343,123,000	Gallons

RENO-SPARKS-STEAD

4.	Total Water Consumption	14,678,169,000	Gallons
5.	Average Use Per Day	40,104,286	Gallons
6.	Average Number of Customers for Year	35,422	
7.	Average Use Per Customer	414,380	G.P.Y.
	7a. Gallons Per Day	113,219	G.P.D.
8.	Average Use Per Person	159,377	G.P.Y.
9.	(2.6 People Per Customer)	435	G.P.D.

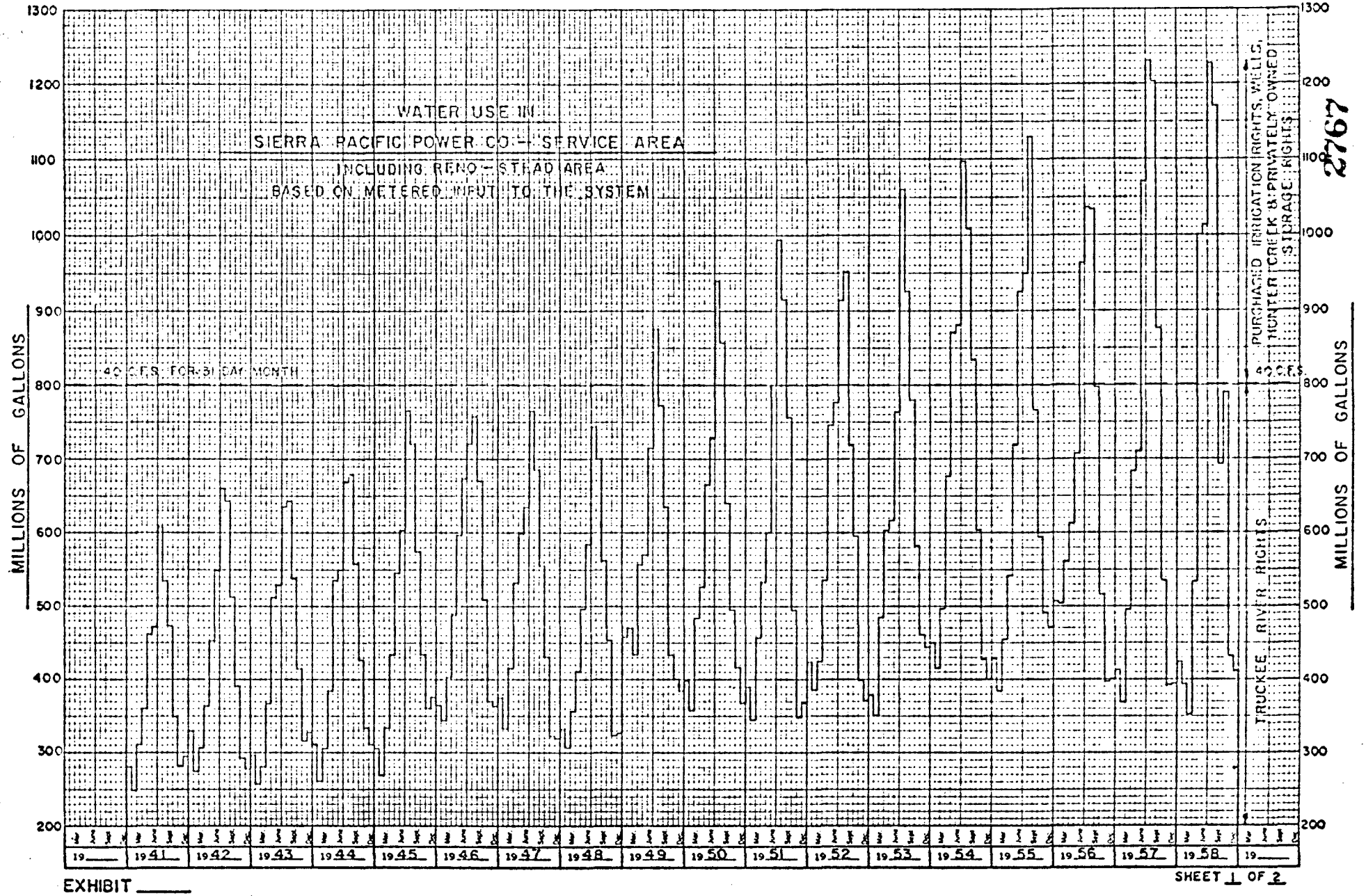
MINIMUM USAGE

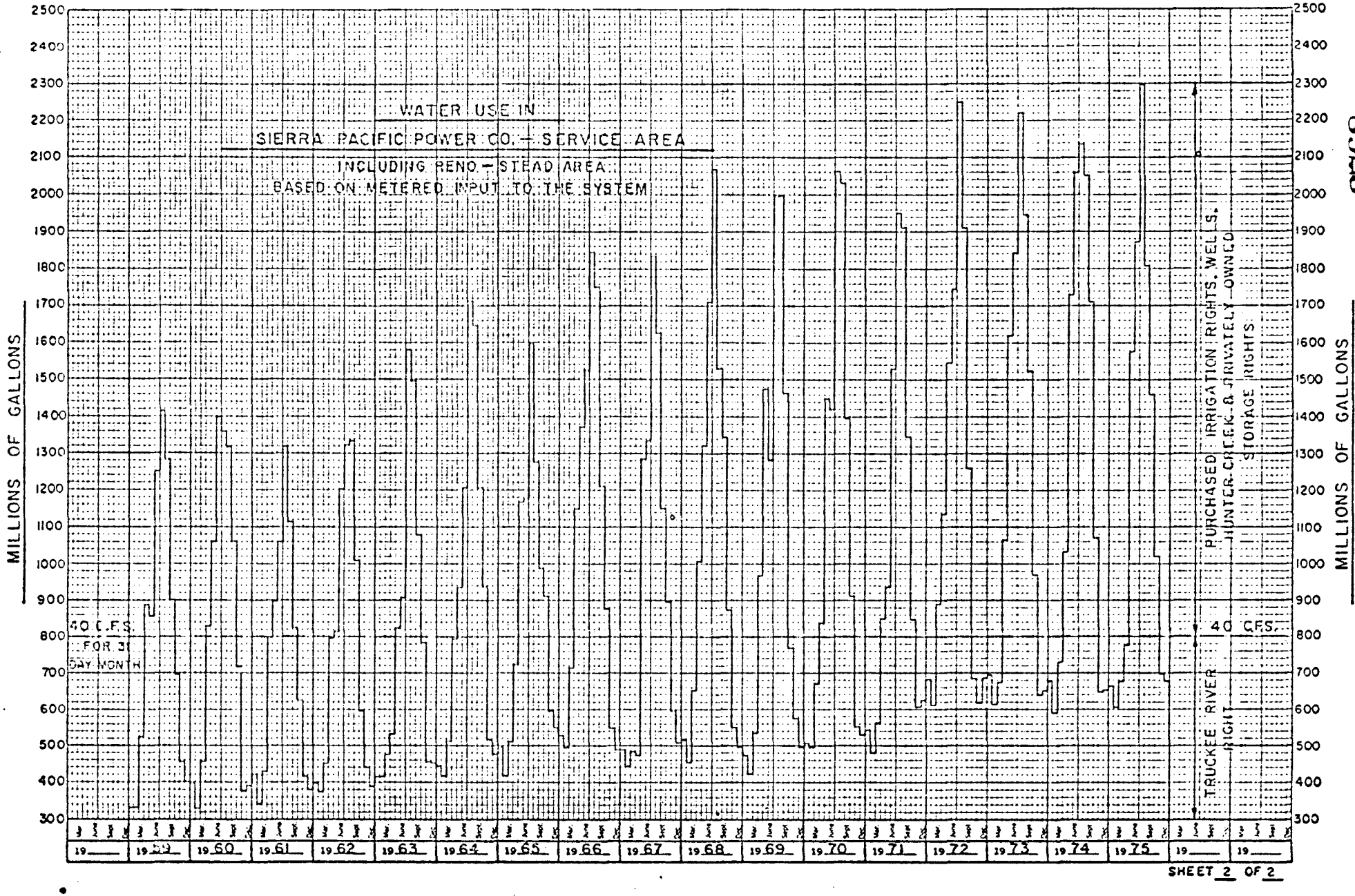
10.	Month - February	699,960,000	Gallons
11.	Day - 12/25/76	19,925,000	Gallons
12.	Use Per Customer	563	G.P.D.
13.	Use Per Person	217	G.P.D.

MAXIMUM USAGE

14.	Month - July	2,130,465,000	Gallons
15.	Day - 7/14/76	82,504,000	Gallons
16.	Use Per Customer	2,329	G.P.D.
17.	Use Per Person	896	G.P.D.

	Stead Water Consumption	293,071,000	Gallons


WATER USE IN
SIERRA PACIFIC POWER CO. - SERVICE AREA
INCLUDING RENO - STEAD AREA
BASED ON METERED INPUT TO THE SYSTEM
40 C.F.S. FOR 31 DAY MONTH
MILLIONS OF GALLONS
1300
1200
1100
1000
900
800
700
600
500
400
300
200
1941
1942
1943
1944
1945
1946
1947
1948
1949
1950
1951
1952
1953
1954
1955
1956
1957
1958
PURCHASED IRRIGATION RIGHTS, WELLS,
HUNTER CREEK & PRIVATELY OWNED
STORAGE RIGHTS
TRUCKEE RIVER RIGHTS
2767
47 3853
K&E 10 YEARS BY MONTHS X 10 DIVISIONS
EXHIBIT
SHEET 1 OF 2



SHEET 2 OF 2

2798

47 3853

K+E 20 YEARS BY MONTHS X 110 DIVISIONS KEUFFEL & ESSER CO.

Total Annual Water Consumption	15,000,000,000 gals.
Estimated Saving Using Water Meters	22½%
Total Gallons Saved	3,375,000,000 gals.
Treatment Cost Per 1 Million Gallons	$100
Total Saving in Treatment Costs	$337,500
Average Estimated Annual Use Per Residential Customer	173,400 gals.
Average Saving Per Customer @ 22½%	39,015 gals.
Average Treatment Cost Saving Per Customer	$3.90
Estimated Meter Installation Cost	$300
Estimated Financing Cost - 7¼%, 10 Year Term	$42.48
Sewage Treatment Processed	
50% of water distributed	
Savings 3,375,000,000 gals. @ 50%	1,687,500,000 gals.
Sewage Treatment Costs Per 1 Million Gallons - Old Plant	$125
- New Plant	$500
Total savings in Treatment Costs - Old Plant	$210,938
- New Plant	$843,750
Average Customer Savings, 39,015 x 50%	19,508 gals.
Average Treatment Savings - Old Plant	$2.44
- New Plant	$9.75
Effect On Residential Customer	
Annual Cost of Meter (10 Years)	$42.48
Water Treatment Saving	3.90
Net	$38.58
Less Sewage Treatment Saving - Old Plant	$ 2.44
- New Plant	$ 9.75
Net Difference - Old Plant	$36.14
- New Plant	$28.83

5/5/77

PROPOSED WATER METER RATE(1)

Typical M Gallon Consumption	Proposed Billing
0	$ 1.15
1	1.84
2	2.52
3	3.21
4	3.89
5	4.58
6	5.26
7	5.95
8	6.63
9	7.32
10	8.00
11	8.69
12	9.37
13	10.06
14	10.74
15	11.43
20	14.85
25	18.28
30	21.70
35	25.13
40	28.55
45	31.98
50	35.40
75	52.53
100	$69.65

Notes:
(1) Assuming no utility ownership of meters.
M = 1,000

5/5/77

COMPARISON OF PROPOSED WATER METER RATE(1)

Typical M Gallon Consumption	Sierra Pacific	Carson City(2)	Hidden Valley(3)
0	$ 1.15	$ 4.50	$ 4.00
1	1.84	4.70	4.31
2	2.52	4.90	4.62
3	3.21	5.10	4.93
4	3.89	5.30	5.24
5	4.58	5.50	5.05
6	5.26	5.80	5.86
7	5.95	6.10	6.17
8	6.63	6.40	6.48
9	7.32	6.70	6.79
10	8.00	7.00	7.10
11	8.69	7.30	7.41
12	9.37	7.60	7.72
13	10.06	7.90	8.03
14	10.74	8.20	8.34
15	11.43	8.50	8.65
20	14.85	10.50	10.20
25	18.28	12.50	11.75
30	21.70	14.50	13.30
35	25.13	16.50	14.85
40	28.55	18.50	16.40
45	31.98	20.50	17.95
50	35.40	22.50	19.50
75	52.53	42.50	27.25
100	69.65	62.50	35.00

Notes:
(1) Assuming no utility ownership of meters.
(2) 3/4" meter.
(3) 3/4" service connection.

5/5/77

Use Statistics - 1975 & 1976

Coleman Drive Pump Zone

Customers - 319 (single family residential)

Persons/customer - 2.8

Total Use/Year

1975 - 116,120,000 gallons

1975 - 117,856,000 "

Average Use/Day

1975 - 318,137 gallons

1976 - 322,893 "

Average Use/Customer/day

1975 - 997

1976 - 1012

Average Use/Person/day

1975 - 356 gallons

1976 - 361 gallons

Maximum Day Use

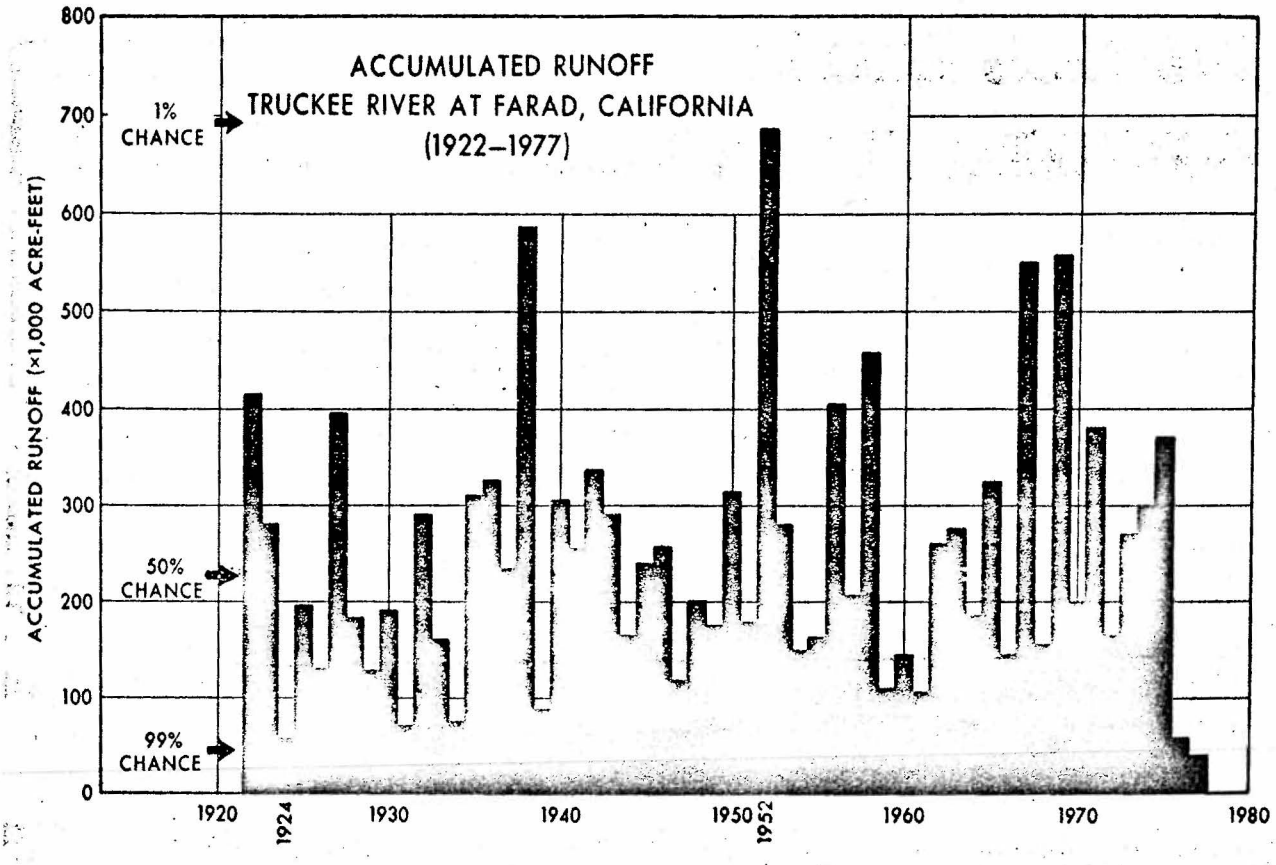
1976 - 643,500 gal.

Maximum Day Use/Cust

1976 - 2017 gallons

Maximum Day Use/Person

1976 - 720 gallons



Gloomy water outlook confirmed

The Sierra Nevada has experienced back-to-back minimum snowpack for the first time since records began to be kept in 1910, according to a study released Tuesday by U.S. Soil Conservation Service officials in Reno.

The mountains received in 1975 and again in 1976, the figures show, only about 1 per cent of the snowpack that can be expected in any given year, said the soil service's Ron Moreland.

The figures at left in the accompanying chart show the level of precipitation the area has a 99 per cent chance of receiving any year. Also marked is the level of precipitation the area has a 50-50 chance of getting, and the high-water mark of 1952 (which was a level of moisture that can be expected only one time out of 100).

The only previous recorded year in which snowpack runoff approached present dismal levels was 1924, in gray to the left of the chart. And that year was bracketed by one year slightly above normal and one slightly below.

The soil service said streamflow forecasts for a period ending July 31 are below 25 per cent of the average for Sierra streams.

Of 64 areas scheduled for snow readings, only 25 had measurable snow May 1. All areas had less than 20 per cent of average snow water while most were below 10 per cent.

The soil service said reservoir storage in six major reservoirs is only 45 per cent of average and 44 per cent of last year's. Lake Tahoe contains 123,000 acre-feet or 26 per cent of average while Lahontan contains 174,000 acre-feet or 79 per cent of average.

The study showed there is no snow water content at Donner Summit compared to 8.8 inches last year and an average of 28.7 inches.