

MEMBERS PRESENT

Chairman Dini
Mr. Marvel
Mr. Fitzpatrick
Dr. Robinson
Mr. Craddock
Mr. Jeffrey
Mr. Bedrosian
Mr. Bergevin

GUESTS PRESENT

See Guest List attached

* * * *

Chairman Dini called the meeting to order at 8:00 A.M.

AB 279 - ENLARGES PUBLIC SERVICE COMMISSION OF NEVADA
AND PROVIDES QUALIFICATIONS FOR CERTAIN
MEMBERS

ASSEMBLYMAN PEGGY WESTALL, Washoe Dist. 31

Mrs. Westall stated she believed the P.S.C. is overburdened and overworked and for that reason she would like to see the Board increased from three to five members and two of the members be Certified Public Accountants. Mrs. Westall mentioned there was a fiscal note of \$127,000 but she felt the people would feel it was worth it.

Chairman Dini asked Mrs. Westall the qualifications of the existing Commissioners and she replied none. Mr. Getto wanted to know of Mrs. Westall if adding two members would speed up the hearings. Mrs. Westall responded she felt it would make for better decisions. Mrs. Westall referred the Committee to a newspaper article she had previously distributed to each of them wherein it outlined a supposed misrepresentation and error caught by a Commissioner who is a C.P.A.

W.E. "Bill" Adams, Southwest Gas Corp.

He stated on behalf of his company, Southwest Gas, they felt that the P.S.C. was functioning properly without having persons of certain occupations on the Board. He

stated they recognize the problem created by three persons and felt if the Commission chose to go to five persons that would be admirable in handling their own cases but it should be left to the Chairman as to how many persons he sees fit to hear cases. He stated they did not feel spelling out specifically two people to be certified public accountants would be of value to the Commission or to the utilities and the other services that fall under the purview of the Commission. He stated it was their contention that the Commissioners must be knowledgeable in many fields; that they must have a little bit of taste of common sense in the life they live, and, as such, they have a much better view of what is involved when cases are heard.

Mr. Marvel asked the salaries of the Commissioners at the present time and Mr. Heber Hardy, Chairman of the P.S.C., responded the Chairman earns \$31,500 and the Commissioners earn \$27,800.

CHUCK KING, representing Central Telephone Co.

Mr. King stated his company was not in favor of enlarging the Commission to five members; that the money allocated for two additional Commissioners would be better spent on the Commission staff.

Chairman Dini questioned Mr. King about the qualifications and Mr. King said he did not see the need for two C.P.A.'s. He stated he thought they should have more staff in the engineering field which would speed up the process and they would be able to have the information ready for a hearing much quicker than they are now. Mrs. Westall asked if he didn't feel that better answers are more desirable than faster answers. Mr. King responded he did and by enlarging the staff you would get a better answer because they would be able to spend more time on a particular hearing. Mr. King was asked what kind of an engineer he thought should be on the Commission and he responded an engineer in the field of communication, gas transmission, or power transmission.

STAN WARREN, representing Nevada Bell

Mr. Warren stated if you are going to add the additional Commissioners to the staff then you have to get a staff for those Commissioners and you start to get into a fiscal impact. He stated he would support leaving the Commission as it is and the Electronic Data Processing Program, which the P.S.C. has asked for in the Budget, would

be an advantage to the Commission; it would make it possible for the utilities that are regulated by the Commission to provide for the data they need to analyse requests that they have been asked to make from magnetic tape. Mr. Warren stated he did feel they have a very difficult time in getting the staff in the various areas of expertise they require.

HEBER HARDY, Chairman, Public Service Commission

JOHN WALLEY, Administrative Assistant

Mr. Hardy stated the concept was presented at the last session and rejected. He stated what they do in other states is not necessarily important but only 15 states have more than 3 Commissioners; 34 states have three. Mr. Hardy stated in talking with those that have five they have more difficulty in making a decision. As for the increased costs, Mr. Hardy stated they presented a fiscal note of \$161,574 for the first year with \$154,843 thereafter. He stated it was based upon each Commissioner having an administrative assistant, which they felt was an important concept, and there would be the need of at least one additional secretary; and also space, equipment, furniture, and travel. Mr. Hardy stated the workload has increased considerably for commissioners but the legislature has been good to them over the years and they now have administrative assistants which are a tremendous help in evaluating the cases; they have staff counsel and assistant staff counsel to assist the Commission staff. In response to the newspaper article Mrs. Westall had distributed, Mr. Hardy stated it was staff who had discovered the error and not Commissioner McDonald. He stated it was a matter of the Commissioners receiving the evidence and staff uncovered it as well as a number of other adjustments which we both agree on.

Mr. Getto questioned Mr. Hardy concerning their policy of deferring costs which creates a tremendous problem. Mr. Getto stated he was getting a lot of pressure on the request for almost 50% increase on gas. Mr. Hardy responded the deferred energy accounting was authorized by the legislature two sessions ago and the theory behind it was, at that time, they were having increased energy costs, natural gas, and oil on such frequent and regular basis, and their caseload was actually one on top of the other, that a Bill was presented before the Legislature to allow them to defer increased purchase power and fuel costs in a deferred account to defer it for some six month period and then come back before us to indicate the total number

of dollars which had been deferred and then they would allow them to recover them over a future period with surcharge. Mr. Hardy responded to other questions by the Committee on assignment of cases, percentage of return, and auditing procedures. He went on to elaborate on the actual operation of the Commission and how cases are heard. He explained the situation of the unfilled positions and improvements in the staff by way of chief auditor, etc.

Mr. Hardy stated he didn't want to sound unappreciative of the thought that they needed help but, he stated, in his opinion the help they need is in staffing.

Chairman Dini questioned Mr. Hardy as to the outlook for utility rates for the next ten years and Mr. Hardy said it was going up. He stated interest rates are in double digits, the oil crisis is warming up considerably where there might be substantial increases.

The Committee got into a conversation about the open meeting law with Mr. Hardy and Mr. Hardy said the greatest damper put on the P.S.C. was the open meeting law.

Mrs. Westall stated to Mr. Heber her concern that every session when he comes over to testify he does not have a reason why this or that isn't done and every time they try to help him he comes over again in opposition.

DARRELL CAPURRO, Managing Director, Nevada Transport Assn.

Mr. Capurro stated his group did want to be on record in opposition to the Bill. He stated they were against it for pretty much the same arguments as had already been heard. Mr. Capurro advised the Committee if there is a bottle neck within the P.S.C. they have found it to be with the procedures and the necessary practices that have to be carried on in order for a case to get to the point of hearing but not with the Commission itself. He stated it was a complex process and very often takes unbelievable time. Mr. Capurro stated the three man Commission has not been the problem with respect to adequate hearing or prompt and fair decisions.

Chairman Dini announced the testimony on AB 279 was concluded.

AB 291 - REMOVES RESTRICTION UPON PAYMENT OF EMPLOYEES
CONTRIBUTION TO PUBLIC EMPLOYEES RETIREMENT
SYSTEM BY HIS EMPLOYER

VERNON BENNETT, Executive Officer, Public Employees
Retirement System

Mr. Bennett referred the Committee to his letter dated March 5, 1979 which had been distributed to each member, a copy of which is attached hereto and made a part hereof, outlining the System's opposition to AB 291 because it removes the "in lieu of equivalent basic salary" provision from the employer pay contribution plan of PERS. He stated in 1975 the System established an employer pay program whereby the employer could pay the employee contributions to the retirement system either in lieu of an additional salary increase or as a reduction in salary. He stated this Bill would eliminate that provision. Mr. Bennett stated there were 50-60% of the members who have already gone to employer pay under that provision and PERS feels the employees would feel that their public employers should provide to them a 7-1/2% increase; it could have a fiscal impact of approximately \$14,000,000 per year.

Mr. Bennett stated while they are opposed to the Bill they do have a suggested amendment on the second page under a new paragraph 5 which would state that elected officials of persons appointed to elective offices of the state or any political subdivision may participate in the employer pay program provided by the section with appropriate reduction of salary provided by sub-section 2 and provided all the employees of such agency are covered under the employee paid plan. Mr. Bennett stated they feel this would resolve the concern of the elected officials who have a salary set by law. Mr. Bennett stated they had provided for another suggested amendment based on their having had an indication that there might be an alternative consideration but it is not their preference. He stated if the Committee were to be receptive to the second alternative where there would be no salary reduction they would also suggest an amendment to page 1, line 16-21.

Mr. Craddock requested the fiscal impact of the alternate and Mr. Bennett responded it would probably in effect double the \$380,000 for the elected officials.

Mr. Bennett stated they recommend the first new paragraph 5, section 9.

AB 356 - ALLOWS RETIRED PUBLIC EMPLOYEES TO CHANGE CERTAIN
RETIREMENT OPTIONS & DESIGNATE CURRENT SPOUSE AS
BENEFICIARY

Mr. Bennett stated he had provided to the Committee a copy of the Board action (letter dated February 27, 1979), a copy of which is attached hereto and made a part hereof. Mr. Bennett stated they originally testified in opposition to the Bill because of the possible fiscal abuses that could be incurred. However, he stated they have since discussed the situation with some members of the Committee and have come up with what PERS feels is a workable solution by adding an amendment that would provide that the combined base benefit paid to the retired employee and the named beneficiary shall not exceed the amount that would have been paid to the retired employee under the unmodified benefit from the date of election until death; this would eliminate any possible fiscal impact to the System.

AB 430 - PERMITS AGREEMENT WITH OUT-OF-STATE LAW
ENFORCEMENT AGENCIES TO EXCHANGE LICENSE
PLATES

SAM MAMET, Management Analyst, Clark County

Mr. Mamet stated the Bill was proposed by the County automotive department because they have been having problems in exchanging with other states out of state license plates for undercover investigations and there is no clear authority in the statute for them to do so. He stated the amendment suggested in the Bill they feel is a little too broad and wasn't what they had in mind. He stated that in cooperation with Mr. Jacka and the Dept. of Vehicles they had worked up an alternative amendment, a copy of which is attached hereto and made a part hereof. Mr. Mamet stated the amendment makes it clearer as to who is to have the responsibility. Mr. Mamet stated under their proposal they are suggesting Nevada law enforcement agencies simply enter into cooperative agreements with other law enforcement agencies out of state.

Chairman Dini asked what the fiscal impact was when the \$5.50 is not charged and Mr. Mamet responded he had no objection to striking that out; he said on page 2, line 7, when exempt plates are distributed to the various agencies they have to pay the \$5.50 and it would be difficult to justify why one should pay and the other not.

Chairman Dini stated he thought the \$5.50 should come out because it's going to have a fiscal note. Mr. Mamet said he saw no problem with that.

COMMITTEE ACTION:

AB 430 - Mr. Getto moved AMEND and DO PASS; seconded by Mr. Jeffrey and unanimously carried.

AB 291 - Dr. Robinson moved INDEFINITE POSTPONEMENT; seconded by Mr. Bergevin, and unanimously carried. Mr. Jeffrey not voting.

AB 356 - Mr. Getto moved AMEND and DO PASS; seconded by Mr. Bergevin and unanimously carried.

AB 279 - Mrs. Westall moved AMEND and DO PASS; seconded by Mr. Fitzpatrick and unanimously carried. (Six voting "For" and Four "Opposed"). Amendment: Delete line 11, page 1, (two Commissioners shall be C.P.A.'s) REFER TO WAYS & MEANS

AB 234 - Mr. Marvel moved AMEND and DO PASS, seconded by Mr. Bergevin and unanimously carried. Mrs. Westall and Mr. Bedrosian opposed.

There being no further business to come before the meeting, the same was adjourned.

Respectfully submitted,

Sandra Shatzman
Assembly Attache

1-24-79

PSC rejects rate hike request

CARSON CITY (AP)— A request by Nevada Power Co. for a \$17 million rate hike has been rejected by the state Public Service Commission during a meeting in which possible charges against the Las Vegas-based utility were discussed.

The denial on Tuesday was based on alleged "errors and misrepresentations" made by Nevada Power Co. officials during seven days of hearing testimony in Las Vegas last September and November.

Commissioner Janet MacDonald said the utility had "clearly misrepresented" an estimated \$2 million worth of coal fuel expenses which were listed in a sworn statement as "inventory losses" rather than "operating expenses."

"There has been a knowing misrepresentation in the application," Ms. MacDonald said, describing the faulty figures as a product of "poor judgment"

rather than attempted "personal gain" by utility accountants.

Deputy Attorney General George Keele told commissioners a misrepresentation in sworn testimony was punishable under state law as a gross misdemeanor with a wide range of civil penalties.

Commission Chairman Heber Hardy said the "improper handling of inventory losses is not sufficient for legal action at this time."

He demanded that the third commission member, Evo Granata, be in attendance to vote on whether to consider legal action against the utility and that a second public accountant review Nevada Power Co. data.

Granata has been absent from commission meetings since he suffered a heart attack earlier this month.

Hardy had said he favored granting a partial rate increase to the utility but later joined Ms. MacDonald in voting against the rate hike after she presented inventory and operating expense figures.

Laxalt says Carter budget 'step in right direction'

ELBERT B. EDWARDS
CHAIRMAN EMERITUS

VERNON BENNETT
EXECUTIVE OFFICER

WILL KEATING
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569
CARSON CITY, NEVADA 89701
TELEPHONE (702) 885-4200

RETIREMENT BOARD

L. ROSS CULBERTSON
CHAIRMAN

SAM A. PALAZZOLO
VICE CHAIRMAN

MEMBERS

DARREL R. DAINES
WILLIS A. DEISS
ELBERT B. EDWARDS
BOYD D. MANNING
DONALD L. REAM

March 5, 1979

The Honorable Joseph E. Dini, Jr.
Chairman, Assembly Government Affairs Committee
Legislative Building
Carson City, Nevada 89701

Dear Chairman Dini:

Please refer to our letter dated February 16, 1979 in which we were opposed to AB 291 as written because it removes the "in lieu of equivalent basic salary" provision from the employer pay contribution plan of PERS. This could have a potential estimated fiscal impact of approximately \$14,100,000. If this provision applied only to those elected officials whose salaries were established by statute, we estimate that the cost would be \$380,000 per year. Approximately 60% of our present members have elected the employer pay program on an optional basis under the present in lieu procedure. We feel that adoption of AB 291 as written would create a serious discriminatory situation. Therefore, at their meeting held February 28 through March 2, 1979, the Retirement Board passed a motion determining that they were opposed to AB 291 as written, but that they would have no opposition to AB 291 if it were amended to provide that elected officials whose salary is set by law could either go to the employer pay plan as a salary reduction or without salary reduction. The Board also requested an amendment which would provide that elected officials whose salary is set by law cannot go to the employer pay plan under these provisions unless all other employees of their agency are enrolled under the employer pay plan. Therefore, we have drafted the attached amendments for your consideration.

Please be assured that we are available to discuss this matter with you and your Committee at your convenience.

Sincerely

Vernon Bennett
VERNON BENNETT
Executive Officer

Attch:
c.c.: Assembly Government Affairs Committee
Retirement Board

VB:bb

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EXHIBIT

RECOMMENDED AMENDMENT TO AB 291

AB 291 be amended as follows:

- (1) 286.421, subparagraph 1 - no change.
- (2) Subparagraph 2 - should be amended to remove its exclusion.
- (3) All remaining subparagraphs should remain numbered the same as they are in the existing statute.
- (4) Subparagraph 5 of AB 291 should be amended reinstating the excluded language as follows:

[[6.]] 5. If an employer elects to pay the basic contribution on behalf of its employees, the total contribution rate is, in lieu of the amounts specified in subsection 1 of NRS 286.410 and subsection 1 of NRS 286.450:

(a) For all employees except police officers and firemen, 15 percent of compensation.

(b) For police officers and firemen 17 percent of compensation. A public employer which has elected to pay the basic contribution on behalf of its employees may, to the extent that the respective percentage rates of such contribution are increased above the rates set forth in this section on May 19, 1975, require each employee to pay one-half of the amount of such increase [.] as provided in subsection 2.

7. For the purposes of adjusting salary increases and cost of living increases or of salary reduction, the [] 6.]

- (5) New subparagraph 9, as follows:

9. -Elected officials or persons appointed to elective offices of the State or any political subdivision may participate in the employer-pay contribution plan, provided by this section, with appropriate reduction in salary as provided by Subsection 2, and provided all of the employees of such agency are covered under the employer-pay plan.

or

9. Elected officials or persons appointed to elective offices of the State or any political subdivision may participate in the employer-pay contribution plan, provided by this section, without a reduction in salary as provided by Subsection 2, and provided all of the employees of such agency are covered under the employer-pay plan.

ELBERT B. EDWARDS
CHAIRMAN EMERITUS

VERNON BENNETT
EXECUTIVE OFFICER

WILL KEATING
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569
CARSON CITY, NEVADA 89701
TELEPHONE (702) 885-4200

RETIREMENT BOARD
L. ROSS CULBERTSON
CHAIRMAN
SAM A. PALAZZOLO
VICE CHAIRMAN
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BOYD D. MANNING
DONALD L. REAM

February 27, 1979

The Honorable Joseph E. Dini, Jr.
Chairman, Assembly Government Affairs Committee
Legislative Building
Carson City, Nevada 89701

Dear Chairman Dini:

During a conversation today, you requested that I draft a proposed amendment to AB 356 that would eliminate any financial impact to the Retirement System. You also requested that we submit this proposed amendment to the Government Affairs Committee for consideration, and if deemed acceptable to the Committee, that we discuss same with the Retirement Board on March 1, 1979 to determine whether or not the Board would favor the the amendment. Therefore, we have prepared the attached amendment to AB 356 which would limit the total benefits to the retired employee and new beneficiary to an amount not to exceed the unmodified benefit for the retired employee which would be paid by the System for the remainder of his natural life. For example, if a retired employee age 70 was receiving an unmodified benefit of \$500 per month and lived for five years he would have a total available benefit of of \$30,000. If this person, on his 70th birthday, took a reduced Option 3 which would provide to him \$400 per month and a \$200 per month benefit after his death to his spouse, we would, at the death of the retired employee, multiply the \$400 per month monthly amount to life expectancy which would be \$24,000. We would subtract \$24,000 from the \$30,000 which would have been paid under the unmodified benefit. The beneficiary would then be entitled to the \$200 per month benefit for the rest of her life, unless and until, that equalled the \$6,000. At the time that the benefits to the beneficiary, together with the reduced benefit to the retired employee, equalled the total monthly benefit that would have been paid to the retired employee under the unmodified plan for the remainder of his life, all benefits will cease. The amount determined to be payable to the retired employee under the unmodified plan will disregard post-retirement increases.

We feel that this proposed amendment will eliminate any opportunity for the retired employee and beneficiary to draw benefits, together, that would exceed the amount that the retired employee would normally have drawn on his own behalf. Therefore, we will present this amendment to the Retirement Board, with the concurrence of the Government Affairs Committee, to determine whether or not they will endorse AB 356 with this amendment.

Please advise whether or not you or any member of your Committee have any concerns or questions regarding this proposed amendment.

Sincerely

EXHIBIT

Attch:
c.c.: Government Affairs Committee
Retirement Board
VB:bb

Vernon Bennett
VERNON BENNETT
Executive Officer

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AB-356 should be amended as follows:

SECTION 1. NRS 286.590 is hereby amended to read as follows:

286.590 1. The alternatives to an unmodified service retirement allowance are as follows:

(a) Option 2 consists of a reduced service retirement allowance payable during the retired employee's life, with the provision that it [shall] continue after his death for the life of the beneficiary, except as provided in subsection 5, whom he nominates by written designation duly acknowledged and filed with the board at the time of retirement should the beneficiary survive him.

(b) Option 3 consists of a reduced service retirement allowance payable during the retired employee's life, with the provision that it continue after his death at one-half the rate paid to him and be paid for the life of the beneficiary, except as provided in subsection 5, whom he nominates by written designation duly acknowledged and filed with the board at the time of retirement should the beneficiary survive him.

(c) Option 4 consists of a reduced service retirement allowance payable during the retired employee's life, with the provision that it [shall] continue after his death for the life of his beneficiary, except as provided in subsection 5, whom he nominates by written designation duly acknowledged and filed with the board at the time of the election, should his beneficiary survive him, but no payment [shall] may be made to the surviving beneficiary [prior to] before the attainment by the surviving beneficiary of age 60. If a beneficiary designated under this option dies after the date of the retired employee's death but before attaining age 60, the contributions of the retired employee which have not been returned to him or his beneficiary [shall] must be paid to the estate of the deceased beneficiary.

(d) Option 5 consists of a reduced service retirement allowance payable during the retired employee's life, with the provision that it [shall] continue after his death at one-half the rate paid to him and be paid for the life of his beneficiary, except as provided in subsection 5, whom he nominates by written designation duly acknowledged and filed with the board at the time of the election, should his beneficiary survive him, but no payments [shall] may be made to the surviving beneficiary [prior to] before the attainment by the surviving beneficiary of age 60. If a beneficiary designated hereunder dies after the date of the retired employee's death but before attaining age 60, the contributions of the retired employee which have not been returned to him or his beneficiary [shall] must be paid to the estate of the deceased beneficiary.

2. If a member enters retirement status under one of the optional plans described in this section and the duly designated beneficiary predeceases the retired employee, the retired employee's monthly service retirement allowance [shall] must be automatically adjusted to the unmodified service retirement allowance provided in NRS 286.551. Upon receipt of the beneficiary's death certificate, the service retirement allowance [shall] must be adjusted beginning on the first of the month immediately following the death of the beneficiary.

3. [A] Except as provided in subsection 5, a retired employee may not change the selected option or designated beneficiary after the effective date of retirement.

4. A retired employee who selects an unmodified service retirement allowance may relinquish his right to that allowance and apply for a refund of his remaining contributions at any time. A retired employee who selects one of options 2 to 5, inclusive, may relinquish his right and the right of the beneficiary under that option, and apply for a refund of his remaining contributions at any time. If the designated beneficiary is the spouse of the retired employee, or if the right of the beneficiary is the subject of a court order, the retired employee shall provide an acknowledged release by the beneficiary of any claim against the system or the employee's contributions when applying for a refund.

5. A retired employee receiving the unmodified service retirement allowance may, with board approval, change his selected option and designate his current spouse as the beneficiary. The retired employee shall make this election by written designation, duly acknowledged and filed with the board and shall receive a reduced service retirement allowance actuarially based on his current benefit and based on his life expectancy and the life expectancy of the beneficiary. The combined base benefit paid to the retired employee and the named beneficiary shall not exceed the amount that would have been paid to the retired employee under the unmodified benefit from the date of the election until his death. The board may require the retired employee or the beneficiary, or both, to take physical examinations at their own expense.

SEC. 2. This act shall become effective upon passage and approval.

The above changes as indicated in Section 1, (a), (b), (c), and (d) should be reflected in Section 14, subparagraphs 1a through f of BDR 23-846.

Page 2, subsection 3 - Newly requested language - It is requested the language be changed to read:

The Director may enter into agreements or agreements with other motor vehicle departments in other states, to provide for a reciprocal exchange of regular series license plates for the purpose of and under the conditions provided in NRS 482.368, ~~without the assessment of \$5.50 annual charge for these licenses issued pursuant to NRS 482.367, subsection 2.~~

