

MINUTES

WAYS AND MEANS COMMITTEE

NEVADA STATE LEGISLATURE - 60TH SESSION

May 14, 1979

Chairman Mello called the meeting to order at 8:00 a.m.

MEMBERS PRESENT: Chairman Mello, Vice-Chairman Bremner, Mr. Webb, Mrs. Wagner, Mr. Barengo, Mr. Rhoads, Mr. Vergiels, Mr. Hickey, Mr. Glover, Mrs. Cavnar.

MEMBER NOT PRESENT: Mr. Mann

ALSO PRESENT: Bill Bible, Fiscal Analyst; Judy Matteucci, Deputy Fiscal Analyst; Mike Alastuey, Budget Office; Assemblyman Tod Bedrosian; Attorney General Richard Bryan; Mr. Cal Dunlap, Washoe County District Attorney; Mr. Vincent Labak, District Attorney's Office in Clark County; Mr. Chuck King, Central Telephone Company of Southern Nevada; Mr. Heber Hardy; Mr. Stan Warren; Noel Clark, Department of Energy; Assemblyman Bob Rusk, Mr. Henry Etchemendy, City Manager of Reno; Mr. Dick Hamm, Council on Alcohol and Drug Abuse; Ms. Pat Bates; Dr. Don Baepler, Chancellor of the University of Nevada; Mr. James Hulse, Nevada State Museum; Mr. John Townley, Nevada Historical Society; Mr. Jack Porter, Nevada State Museum.

AJR 34

Assemblyman Webb said that AJR 34 requests Congress to allow states the option of administering Federal programs and to reimburse states for the cost of administering such programs. He added that the purpose of AJR 34 is to let the federal government know how Nevada feels about growing federal programs.

AB 364

Assemblyman Tod Bedrosian, District 24, said that passage of AB 364 would create an office of consumer advocacy within the Attorney General's office to represent consumers during rate hearings before the Nevada Public Service Commission. He noted that this is not a unique concept, in fact, Nevada is only one of eleven states that has not created an office of this type in some form. He pointed out that the Public Service Commission's Office of Consumer Relations cannot adequately represent the consumers' interest as it must assume the position of an objective fact-finder, not a consumer advocate.

Assemblyman Bedrosian said that there is an existing mil tax formula excess which could be utilized for funding this concept in the PSC budget. He stated that the Public Service Commission is assessing 2-1/2 mils on gross intrastate revenues and that formula has generated a \$686,808 surplus in the Commission's regulatory fund. He noted that the existing personnel and budget of the existing Consumer Relations Office in the Public Service Commission could be restructured and tightened up under the direction of the new Deputy Director position requested by the Public Service Commission in AB 388.

Chairman Mello questioned the concept of the Office of Consumer Advocacy being placed within the Attorney General's office as Deputy Attorneys General represent the Public Service Commission and he pointed out that this might create a conflict of interest.

In addition, he stated that the expertise is being taken away from the Public Service Commission under the creation of such an office outside the P.S.C.

Mr. Bedrosian concurred that was a weak point in the bill. He noted a solution to the problem would be to eliminate the ability of the Consumer Advocate to appeal the decisions of the Public Service Commission thereby allowing the advocate to represent consumers at initial hearings only. He added that there are options available as some states have the Consumer Advocate under the Governor or the Department of Energy.

Mr. Hickey asked for a comparison of the quality of rates where the services of a consumer advocate are utilized. He further asked for information relative to the consumer advocate versus the objectivity of the Public Service Commission.

Mr. Bedrosian referred to EXHIBIT A which compares the results in rate hearings with the intervention of a consumer advocate versus no public input.

Chairman Mello noted that the purpose of the Public Service Commission is to protect the consumer. He said the answer might be to take a closer look at the Public Service Commission rather than create a new entity to watch them.

Mrs. Cavnar commented that she would like to see alternatives to placing the Consumer Advocate within the office of the Attorney General. Mr. Bedrosian said that there are logical, legal and mechanical reasons for giving the Attorney General jurisdiction over the Consumer Advocate.

Mrs. Wagner asked Mr. Bedrosian if there would be duplication of duties between the proposed Consumer Advocate and the existing Consumer Relations Office in the PSC. Mr. Bedrosian said that at one point he would have advocated the complete abolition of the Consumer Relations Office; however, investigation revealed that they do serve an important function. He added that the office could be de-escalated.

Chairman Mello said that the implementation of the new position of Deputy Director is an effort to improve the Public Service Commission and their service to the people of the State.

Mr. Hickey commented that if the Public Service Commission functioned in the capacity it was designed to do, the Consumer Advocate would not be necessary.

Attorney General Richard Bryan said that there are 22 states that have placed a Consumer Advocate's Office within the office of the Attorney General, 19 states have independent offices for the Consumer Advocate and 3 states have placed jurisdiction under the Governor.

Attorney General Bryan noted that at the present time there are applications pending with the Public Service Commission which if approved in total would provide rate increases in the amount of \$54 million.

Chairman Mello asked Attorney General Bryan if he were aware of the changes the Committee made to the Public Service Commission's budget. Attorney General Bryan said that the additional expertise within the Public Service Commission was necessary and commended the Committee on their actions.

Attorney General Bryan said that in the 1976 application to the Public Service Commission by Sierra Pacific, \$11.7 million worth of rate relief was requested; the Public Service Commission recommended \$9.7 million. Washoe County, at considerable expense, brought in experts who testified that rate reductions should be granted in the amount of \$465,000. He added that at the end of the hearings, the Public Service Commission approved \$3.7 million reduction.

Attorney General Bryan said that the National Energy Policy Act does have a provision which states that if a consumer group intervenes in application from electrical utilities and does substantially affect the outcome there is to be a basis for them to be reimbursed. Historically in Nevada, the Public Service Commission is not going to award attorneys fees. He added that if that position is to be taken in the future, it does leave the intervening group with the only recourse provided by the National Energy Policy Act. He added that any intervention is meaningless unless the expertise is available.

Mr. Webb referred to a situation in Washoe County where a rate increase was not granted to the power company. However, the so-called decrease was passed on to the consumer in increases of hook-up fees. He added that the additional expertise within the Public Service Commission will be able to handle all consumer concerns.

Attorney General Bryan said that it was basically a question of philosophy. He said that the first consideration should be if the Committee would be in favor of an independent consumer advocate and secondly, if it is economically feasible.

Mr. Hickey pointed out that there are regulatory agencies that do not employ the consumer advocate policy.

Mr. Cal Dunlap, Washoe County District Attorney, said that energy has become an extremely volatile issue with the public. Mr. Dunlap said that Washoe County has been successful in certain situations where intervention on behalf of the consumer was initiated. He added that it was difficult for a prosecutor's office to keep people on staff in this area. Mr. Dunlap commented that the public needs to have confidence in the action of the Public Service Commission.

Mr. Vincent Labak, representing the District Attorney's Office in Clark County, commented that there is a need for a Consumer Advocate as evidenced in the fact that many states have passed legislation to create such an office. He added that the utility companies in Nevada have the highest rate of profit in any of the western states. Mr. Labak pointed out that the cost for such a program could be minimal. He indicated that Idaho created an Office of Consumer Advocate for less than \$200,000 a year.

Mr. Chuck King, representing Central Telephone Company of Southern Nevada, said creating an Office of Consumer Advocate would be performing a redundant function which is already adequately being performed by the Public Service Commission. He added that the Public Service Commission presently has the expertise to investigate, propose rate increases, and has the knowledge of the inner workings of the complex communications industries.

Mr. King added that at the last hearing for a rate increase by Central Telephone Company of Southern Nevada, the consumers were represented and the rate increase was turned down. (EXHIBIT B)

Mr. Heber Hardy, Public Service Commission, said that the duties assigned to the proposed Office of Consumer Advocate are duplicative of the jobs performed at the present time by the auditing and engineering staff of the Public Service Commission. He indicated that he is opposed to the provision in the bill which allows the Commission to obtain independent counsel. Mr. Hardy said that the budget provision in the bill which provides funding through mil assessment would mean an increase of one full mil in order to have money available to pay claims as presented by the Attorney General's office. He pointed out that there is the possibility of Federal funding available for this type of program; however, if they are controlled for budget purposes they would not be eligible by the Public Service Commission.

Mr. Stan Warren, Nevada Bell, said that AB 364 would create another division of consumer protection. He pointed out that the purpose of the Consumer Affairs Division of the Public Service Commission is to research the basis for rate increases, request hearings if the rates are unrealistic, to appeal the Public Service Commission decisions if they are needed, and to represent the general public in hearings and appeals. He said that any problems that the Public Service Commission has had in the past is due to the fact that they have not had a substantial or well-qualified staff.

Mr. Warren said that the additional positions allocated in the Public Service Commission's budget will make improvements in the operation of the Commission. He noted that the application of the Electronic Data Processing program will allow the Commission to computerize the steps necessary in processing rate increases.

Mrs. Wagner asked Mr. Labak for documentation regarding his statement that the utilities in Nevada are the highest in all of the western states.

Mr. Labak said that he based his statements on a newspaper article in a Reno paper.

Mrs. Wagner asked Mr. Hardy how the \$686,000 surplus in the Commission's regulatory fund will be used. Mr. Hardy said that the surplus is budgeted to be reduced to \$100,000 over the biennium without adding to the mil assessment.

#### SB 509

Mr. Noel Clark, Department of Energy, said that SB 509 makes an appropriation of \$250,000 to the Department of Energy for capital expenditures to refurbish, rebuild or upgrade State buildings for the purpose of saving energy.

Mr. Clark pointed out a chart he presented to the Committee detailing the savings that can be made as a result of an energy audit. He noted that the audit was done at a cost of \$15,000.  
(EXHIBIT C)

Mrs. Cavnar asked if the \$250,000 appropriation in SB 509 is to conduct energy audits. Mr. Clark said that the \$250,000 is not to conduct audits -- it is for the actual expenditures of repairing, replacing and installing energy saving devices.

Mr. Webb indicated that a "little common sense" should be used when considering energy conservation and he noted that lights had been left on in the Legislative building late at night when no one was there. Mr. Clark concurred with Mr. Webb and said that every effort has been made to eliminate that problem. Mr. Webb reiterated that the Department of Energy should work closely with the Public Works Board in designing new State buildings.

Mrs. Wagner commented that an effort should be made to eliminate future problems of energy conservation in the design and construction of State buildings.

Mrs. Wagner referred to the handout Mr. Clark had presented to the Committee and asked on what building the energy audit had been done.

Mr. Clark said that the energy audit had been done on St. Mary's Hospital in Reno, Nevada.

Upon request by the Chairman, Mr. Bible read a portion of a Letter of Intent sent to Mr. Noel Clark, Department of Energy which states, "the Committee requests the Department of Energy work closely with the Public Works Board in exploring the feasibility of using alternate energy devices in heating or cooling State buildings."

Chairman Mello presented the Committee with Amendment No. 1139 to AB 827 which was developed in an effort to assist the Legislature in expediting measures to cope with the gas shortage problem in Nevada. (EXHIBIT D)

Mr. Clark said that he concurred with the Amendment with regards to the acquisition and dispersment of petroleum. However, he noted that after a check with a broker in New York on May 11, 1979 there was no gas available. He added that the broker informed him that there was crude petroleum and refinery capacity available.

Mr. Clark indicated that a provision would be necessary to the amendment to authorize an agreement with a refinery.

He said that if the gas acquisition program is handled by the Department of Energy, it should be a completely separate division. In addition, he said an indepth study by knowledgeable people in the petroleum brokerage field should be conducted to determine the feasibility of buying and selling gasoline which would be at a minimum cost of \$25,000. Mr. Clark remarked that the total cost for the program could be \$100,000.

Chairman Mello asked where was the gas that the Governor and Senator Laxalt said was available. Mr. Clark commented that the "spot" market is a fast moving commodity market. Mr. Clark noted that the word "refiners" should be added in Section 3, Page 4 to Amendment 1139.

Chairman Mello asked if gas does become available where will it be stored for use in Nevada. Mr. Clark noted that rather than "buy and sell," a better solution would be on an exchange basis which would eliminate the need for storage capacity.

Mr. Hickey asked if the Senator had notified the Department of Energy with regards to the gas shortage problem. Mr. Clark said that the Department of Energy had been notified approximately two days before his presentation to the Legislature and that the Energy Department has not explored the situation as no funding has been made available. He stated he felt that to pursue action would be dangerous without Legislature's direction.

Mrs. Wagner asked who would be able to answer the questions of storage, transportation, commitment to a broker, money and contractual arrangements and other matters pertaining to the gas purchase proposal.

Chairman Mello said that Amendment 1139 allows the Department of Energy to implement a plan, present the plan to the Board of Examiners and the Board of Examiners upon approval of the plan would present it to Interim Finance.

Mrs. Wagner commented that some of the fundamental questions should be answered before implementing the Amendment.

Mr. Barengo commended Chairman Mello for his effort in initiating a solution to the problem. He stated his concerns about Interim Finance being the body to make decisions and questioned whether or not a special session should be called for this problem.

Mr. Webb commented that private enterprise could do a better job than government in handling the fuel commodity market. He added that the acquisition of fuel for Nevada should be handled by the private sector with enabling legislation and government sanction, but not with government funds and no governmental body to control it.

Mr. Hickey asked if Senator Laxalt or his staff had provided any information in this regard. Mr. Clark said that no concrete information had been received from Senator Laxalt. However, Mr. Clark said that he did provide him with a list of the names of 1 consultant and 3 brokers.

Mr. Clark indicated that he would like to discuss and review the proposed amendmnt with the Governor.

#### AB 649

Assemblyman Bob Rusk, District 28, pointed out that a problem exists in Reno with public inebriates making the downtown parks unpleasant for public use. Mr. Rusk referred to an article that appeared in a Reno newspaper that stated drunks are taking over the river-side parks because there is no longer a skid row. Mr. Rusk said that the article pointed out the drunk situation was a result of the 1973 Nevada Legislature deciding that public drunkenness should not be a crime. Consequently, police can only pick up drunks who are unable to care for their own safety. He pointed out that last year in Washoe County 1200 persons were booked for public drunkenness, of those one half were arrested for civil protective custody. He detailed the time involved in booking a person for such crimes for the committee.

Mr. Rusk indicated that AB 649 addresses a problem that has been going on for many years in Nevada and provides the funding for a detoxification center. He said that any county or incorporated city which establishes an alcohol and drug abuse program may apply to the Bureau of Alcohol and Drug Abuse for an amount of money equal to three times the sum provided for such programs by the applicant county or city.

Mrs. Wagner asked why it was necessary to establish a special board for alcohol and drug abuse. Mr. Rusk indicated that the bill provides that only where the funds are being applied for would a detoxification center board be established.

Mrs. Cavnar asked if the spending caps would prohibit the counties from spending the monies appropriated for detoxification centers. Mr. Rusk said that they would not if it is mandated by law and the money is set aside out of the General Fund to be used specifically for this program.

Mr. Barengo asked if the cap reduces the money to get the use of the ad valorem tax.

Mr. Rusk said there would not be a cap on the liquor use tax to the cities and 25% of that tax would be used as their match for the three to one match.

Mr. Henry Etchemendy, City Manager of Reno, said that a problem may exist in regards to the spending caps and its effect on matching funds or grants from the Federal level.

Mr. Barengo indicated that the spending caps prevented any spending regardless of the amount of money available. Mr. Rusk noted that there are provisions that exclude various agencies from the rules of the spending caps.

In reference to the fiscal impact of this legislation, Chairman Mello referred to a letter that was sent to the Council on Alcohol and Drug Abuse from Ed Schorr, Deputy fiscal analyst, dated March 27, 1979, in which a fiscal note on AB 649 was requested.

Chairman Mello pointed out that no Fiscal note had been received to date.

Mr. Dick Hamm, Council on Alcohol and Drug Abuse, stated that he had not received a request previously; however, he did prepare a fiscal note and it was delivered to the Legislature on May 11, 1979.

Chairman Mello noted that the bill should not be presented before the Committee without a fiscal note. Mr. Hamm indicated that the approximate impact would be \$2 million.

Mr. Etchemendy reiterated his concern for the inebriate problem in Reno. He added that a "swinging door" policy exists because drunks can only be held for a minimum of 4 hours and not more than 48 hours. He pointed out that this problem could be eliminated and the drain on public facilities lessened by implementing the program for a Detoxification Center.

Mrs. Wagner asked what procedures were taken before the Legislature decriminalized public drunkenness. Mr. Etchemendy said that people were incarcerated and given sentences by the judges based on the severity of the situation.

Mrs. Wagner asked Mr. Etchemendy if he advocated the previous procedures in handling the problem of public drunkenness. He said that he did.

Mrs. Wagner asked for an explanation of what occurred at a detoxification center. Ms. Pat Bates remarked that there are two types of detoxification centers: 1) a medical model, which is housed in a hospital, and 2) a social model, which has hospital support but allows the alcohol to pass through the system in a normal manner.

Mrs. Wagner asked what type of center has been proposed by the counties that would be applying for this money. Mr. Hamm responded that each county that elected this program would then decide upon their own facilities.

Chairman Mello said that AB 649 should not have left Government Affairs without the fiscal note. Mr. Rusk informed the Committee that a fiscal note would be provided for them promptly.

SB 558

Dr. Don Baepler, Chancellor of the University System, said that in 1974 the Environmental Protection Agency came before the University of Nevada, Las Vegas, with a request for authorization to issue bonds in the amount of \$10 million to expand the facility on campus occupied by the Environmental Protection Agency. He added that in 1975 the Legislature granted the University the authority to issue the bonds; however, the Internal Revenue Service changed the lease arrangements and the bonds could not be issued on a tax exempt basis. In 1977 the Legislature changed the statutes that would authorize the issuance of \$10 million in bonds on a non-tax exempt basis. Dr. Baepler indicated that due to inflation and increased requirements by the Environmental Protection Agency, SB 558 allows for the issuance of bonds in the amount of \$20 million rather than the original \$10 million request.

SB 306

Mr. James Hulse, member of the Board of Trustees of the Nevada State Museum and a member of the Nevada Historical Society, said that it had been the effort of many legislators for many years to achieve a closer cooperation between the Nevada State Museum and the Nevada Historical Society. Mr. Hulse noted that SB 306 creates a joint board combining the Nevada Historical Society and the Nevada State Museum and provides for an administrator to assume the coordination duties of the two departments.

Mr. Hulse said that he did not agree with the provision in the bill that provides for the abolition of the two existing boards as of July 1, 1981. He proposed that the bill be amended to allow the two existing boards to continue until 1983.

Mr. John Townley, Director, Nevada Historical Society, said that the complicated consolidation of the two existing boards would need more time than the two years allowed for in the bill.

Mrs. Wagner asked how much time would be necessary and to what date the consolidation should be deferred. Mr. Hulse said that the time should be extended until 1983. He pointed out the problems involved because the Historical Society board was actually engaged in getting endowments for the Society.

Mr. Glover asked if SB 306 allows for the transfer of V & T Railroad from the Parks Department to the Nevada State Museum. Mr. Hulse said that was correct.

Mr. Hickey said that the provision in the bill that provides for the consolidation in two years puts pressure on the two existing boards, and that the consolidation could be reconsidered two years from now.

Mr. Hulse said that if the Boards weren't required to be abolished in two years, a much more effective job could be done.

Chairman Mello asked if this bill created another layer of government.

Mr. Jack Porter, Nevada State Museum said that this consolidation could be viewed as creating another layer of "administrative fat," but it is the hope that this program can be administered in an effective way.

Mr. Hulse said that he did not agree with Mr. Porter and it does not create another layer of "administrative fat" as these agencies are growing and developing, particularly in Southern Nevada.



He added that if Mr. Porter has to take on additional work because of the consolidation it would be unfair as he has a heavy workload just managing the museum.

Chairman Mello asked Mr. Porter if he was doing an effective job now. Mr. Porter said that it was quite possible that he was not doing as effective a job as he could be.

AB 249

Motion to amend AB 249 to include an appropriation of \$252,540 per year made by Mr. Glover; seconded by Mr. Bremner. Motion approved.

Motion to adopt Amendment 1013 (EXHIBIT E) to AB 249 made by Mr. Glover; seconded by Mr. Bremner. Motion approved.

DO PASS as amended motion made by Mr. Glover; seconded by Mr. Bremner. Mr. Webb voted NO. Motion approved.

AJR 34

DO PASS motion made by Mr. Webb; seconded by Mr. Glover. Motion approved.

*last thing on report*  
AB 364

The Committee agreed to HOLD AB 364.

SB 509

Chairman Mello explained that Amendment No. 1139 could be amended and applied to SB 509.

Mrs. Wagner pointed out that she would like more answers before a decision is made on the Amendment.

Chairman Mello said that they did not have any answers and adopting this Amendment will demonstrate that the Committee wants some action taken.

Mrs. Cavnar said that the very basic questions were not answered by Noel Clark, Department of Energy, and expressed her concern in turning the program over to the direction of the Department of Energy.

Chairman Mello asked who would be in a better position to handle the program. Mrs. Cavnar said that she did not know.

Mr. Webb concurred with Mrs. Cavnar and said that the Department of Energy is not capable of handling the program and have not proved to him they are capable of handling the job they are currently supposed to do.

Mr. Rhoads said that action should be taken by adopting the proposed Amendment, but do not pass it out of the Committee, which will signify that the Committee is taking some definite action.

Chairman Mello noted that the money cannot be allocated without approval of Interim Finance.

Mr. Barengo referred to the Water, Energy and Emergency Act, Chapter 416 that gives the Governor very broad powers and noted that the proposed amendment should include preventive measures against any abuses of the checks and balances that are provided.

Mr. Barengo asked if the monies needed to administer the program as outlined in Amendment No. 1139 would be provided from the \$10 million appropriation. Mr. Bible said that the bill could be amended to add "engage staff necessary to implement the program."

Mr. Webb asked if it was the Committee's intent to provide that all the money would be recouped upon sale of the gasoline to the wholesalers. Chairman Mello said it was intended as a "seed" program and it must generate enough money from the sale of the gasoline to purchase additional fuel.

Mrs. Wagner said that it was unrealistic to vote on an amendment that would give the Director of the Department of Energy the entire authority to come up with a plan. Chairman Mello asked what department should handle the problem.

Mrs. Cavnar said that a time frame of 30 or 60 days should be set within the amendment for a plan to be delivered to the Board of Examiners. Chairman Mello said that if Senator Laxalt was serious in his proposal, a plan should be presented immediately.

Mr. Barengo said that the amendment should be amended to allow the Director of the Department of Energy to hire additional staff to implement the program.

Motion to adopt Amendment No. 1139 as amended to SB 509 made by Mr. Barengo; seconded by Mr. Bremner. Mrs. Wagner, Mr. Glover, and Mr. Webb voted NO. Motion approved.

#### SB 333

Motion to adopt Amendment No. 1060 to SB 333 made by Mr. Bremner; seconded by Mr. Glover. Motion approved.

DO PASS as amended made by Mr. Bremner; seconded by Mr. Glover. Motion approved.

#### SB 558

DO PASS made by Mr. Bremner; seconded by Mr. Hickey. Motion approved.

#### SB 306

Motion for INDEFINITE POSTPONEMENT made by Mr. Hickey; seconded by Mr. Rhoads. Motion defeated.

DO PASS motion made by Mr. Glover; seconded by Mrs. Wagner. Mr. Hickey, Mr. Rhoads, and Mr. Webb voted NO. Motion approved.

The meeting was adjourned at 11:00 a.m.

TESTIMONY CONCERNING AB 364

before the

ASSEMBLY WAYS AND MEANS COMMITTEE

May 14, 1979

EXHIBIT A  
(Page 1 of 37 Pages)

Chairman Mello, members of the Assembly Ways and Means Committee, thank you for the opportunity to appear before you this morning on behalf of Assembly Bill 364.

For the record I am Tod Bedrosian, Assemblyman for District 24.

A.B. 364 would create an office of Consumer Advocacy within the Attorney General's Office to represent consumers per se during rate hike hearings before the Nevada Public Service Commission.

This office would provide subjective input for the utility consumers, just as the utility company attorneys provide subjective input for the utility companies.

If I may use a judicial model to clarify my point, I would note that the power company attorneys are analogous to representatives for a plaintiff in a civil case. They want to gain the highest possible monetary judgement for their client.

The Public Service Commission is analogous to a judge in this case. This objective arbitrator must listen to all the facts and then make a judgement as to what is fair for both sides.

This judicial analogy has one flaw -- the defendant (or the utility consumers from which the plaintiff utility is trying to gain a maximum monetary judgement) is never given a real chance to plead his case. The judge must make a decision after only hearing one side of the arguments in the case.

Opponents of this bill testified before the Assembly Judiciary Committee that the Public Service Commission is able to act as judge and fair advocate for the consumer.

I ask you to join your Judiciary Committee in reflecting favorably on this legislation not because I feel the PSC has been unfair to the consumer -- but because energy consumers will not be satisfied with half an advocate. They need an aggressive advocate that will rebut the subjective arguments of the utilities.

A congressional survey done in 1976 determined electric and gas utility rates were boosted a record \$22.2 billion in 1974 and 1975 by investor-owned utilities. This is more than twice as much as all the rate increases in previous years and Nevada has not been exempted from this trend.

These rate hikes have obviously been precipitated by increasing costs for fuel, and the justifiable need for a reasonable profit to utility investors. But just as the Board of Directors for a large utility must sit and make decisions in the best and most profitable interests of their investors, I would submit to this committee that you sit as the Board of Directors for the general public and could protect their interests with the creation of this office of consumer advocacy.

This is not a unique concept. On the contrary, Nevada is only one of eleven states that has not created an office of this type in some form. Even the Territory of Guam has an office of this type within their Public Utilities Commission.

I gained information from Guam during a process of correspondence to every state and territory in the union regarding their offices of consumer advocacy.

3,

EXHIBIT A

1917

I will not dwell on the responses I gathered in the interest of time. I only refer the committee members to Appendix "A" of the information packets I distributed. This Appendix is a combination of selected testimonials in support of this concept and examples of substantial savings that can be directly attributed to the intervention of offices of consumer advocacy.

Actually you need not go to other states to gain a comparison between advocacy intervention and the lack of it. If you will note the chart on page 3 of your packet you can compare this divergence within Nevada. These figures represent the percentage of rate hike granted by the PSC as opposed to the amount asked for by major utilities in the past two years.

GENERAL RATE INCREASES GRANTED TO  
MAJOR UTILITIES

	<u>Docket Number</u>	<u>Date of Decision</u>	<u>Additional Revenues Requested</u>	<u>Revenues Granted</u>	<u>% Granted</u>
<u>Sierra Pacific Power</u>					
Electric Dept.	906	3-14-77	9003000	8007000	88.9%
Water Dept.	907	3-14-77	218000	218000	100%
Gas Dept.	908	3-14-77	2260000	2206000	97.6%
Gas Dept.	1430	7-31-78	3159000	3149000	99.7%
Electric Dept.	1431	7-31-78	8083000	7469000	92.4%
Water Dept.	1459	8-14-78	2145000	1445000	67.4%
<u>Southwest Gas</u>					
Northern Division	1056	8-8-77	1542521	302314	19.6%
Southern Division	1056	8-8-77	5489862	1178594	21.5%
<u>Nevada Power Company</u>					
	1047	6-20-77	20354000	11195757	55%
	1688	2-12-79	17690816	8491758	48%

4.

There is a dramatic difference between the percentage in Southern Nevada and Northern Nevada. The reason for this divergence is due in large part to the fact that the City of Las Vegas and Clark County have intervened on behalf of the respective entities during these hearings.

The cities of Reno, Sparks and Washoe County also successfully intervened about four years ago.

But in both Northern and Southern Nevada local governmental legal representatives say they will probably not be able to intervene because of restricted budgets pinched by high crime rates and Question 6.

If you refer to Appendix "B" you will find letters not only substantiating this, but also unanimously supporting the concept of a state office of consumer advocacy.

I will not refer to these individually, but I would like to refer to one paragraph from a letter from Sparks City Attorney Paul Freitag. He refers to the aftermath of the Washoe intervention I mentioned earlier -- quoting --

This is typical of the responses I gained and it refutes what Mr. Heber Hardy of the Public Service Commission told the Judiciary Committee. He testified that local governments could intervene -- for all practical considerations -- that is not the case.

Appendix "B" also contains letters from the Nevada Commerce Division and the Washoe County Consumer Protection Division stating that their offices have not and will not intervene on behalf of consumers before the Public Service Commission.

5.

It was also represented to the Judiciary Committee that the PSC's Office of Consumer Relations could adequately represent consumers' interests coming before the Public Service Commission. This is not the case.

First of all the Office of Consumer Relations must assume the same ideological stance as the PSC itself -- that of an objective fact-finder -- not a consumer advocate.

If you will turn to Appendix "C" you will see a copy of an article which appeared in the January 8th edition of the Nevada Appeal this year. In that article Mr. Bob Clark, Director of the Office of Consumer Relations, is quoted, "We're here to see that the consumer get a fair shake... At the same time the utility is entitled to a fair return on its investment.

"A lot of people either feel we're pro-utility or pro-consumer. That is not the case." end quote.

Secondly, according to a written report drafted by one of the Public Service Commissioners in 1978 -- quote -- "The Division of Consumer Relations has made few, if any, appearances at Commission hearings."

So the utility consumer is left -- for all practical purposes -- with no representation before the PSC.

A.B. 364 would provide the consumer with effective representation.

The bill asks for an adequate mill assessment per each gross dollar derived from the intrastate operations of utilities to fund this office. This mill assessment would come from the mill tax currently permitted of the PSC -- which is a maximum of 4 mills.

6.



The PSC is only assessing 2-1/2 mills (as of Feb. 28 of this year) and that formula has generated a \$686,808 surplus in the commission's regulatory fund.

That surplus is the result of an excessive mill tax that is burdening the utility consumer for no cause or real expense. That dormant excess lends new meaning to the colonial phrase, "Taxation without representation," because less than a third of that amount could fund the representation which this office of consumer advocacy could provide.

In addition the Office of Consumer Relations costs \$107,733 (based on fiscal year 1978) and the consumer still is not getting any real representation before the PSC.

I realize the Ways and Means Committee is faced with the seemingly insurmountable task of making limited resources meet just the current needs of the state of Nevada. When people like myself come before you with a new concept I add to your burden. But in summarizing I would point out:

- I. There is a gap in consumer representation in the Public Service Commission hearings now.
- II. Local governments have not and will not be able to consistently fill this gap.
- III. This concept has been proven successful in Nevada and other states.
- IV. There is an existing mill tax formula and excess which could be utilized for this concept.

V. And lastly -- I think the existing personnel and budget of the existing Consumer Relations office could be restructured and tightened up under the direction of the Deputy Director position asked for by the PSC in A.B. 388.

In closing I would say that I obviously come not to praise the PSC -- but I also don't want to bury them. This commission has a tough job. The commissioners have to make very difficult decisions. I think the creation of this office of consumer advocacy would help the commission's decision making process and also help the consumer -- while being fair to the utilities.

Thank you. #

8.

A P P E N D I X

A

From the Report of the Division of Consumer Counsel  
Commonwealth of Virginia, 1979

...For those cases decided in 1978, electric, sewer and water, gas and telephone utilities requested additional rate relief totaling approximately \$192 million. Relief granted by the SCC totaled approximately \$114 million, reflecting a saving of some \$78 million to the consumers of Virginia in these rate increase requests alone. There is outstanding approximately \$306 million in additional rate increase requests in cases heard by the SCC during 1978, but not yet decided....

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From a letter to Mr. Bedrosian from Clyde H. MacIver, Special  
Assistant Attorney General  
Seattle, Washington

...Regarding your inquiry as to the success ratio of consumer advocacy, I am personally convinced, after having represented the public's interests over the past several years, that public representation in rate proceedings is absolutely essential to protect the public's interests. The regulatory agency, unless it is competently informed regarding and aware of the impact of proposed rate increases on specific segments of the public, cannot be expected to adequately balance the interests of the utility and the public to the end that the public's interests are truly protected. Without adequate representation, the public, which in the main is not organized, cannot be expected to adequately inform and educate the regulatory agency....

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From the 1978 Annual Report, Consumer and Economic Crimes Division,  
New Mexico

...The majority of these cases have involved requests for rate increases by the major electric and gas utilities throughout the state. Our interventions have resulted in the denial of two separate requests by Gas Company of New Mexico for \$9-10 million in rate increases and the denial of numerous rate increase requests by electric utilities. Total savings to consumers from our efforts in these areas amount to several millions of dollars....

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From the 1976-77 report of the State Consumer Protection Board,  
State of New York

...The Board's utility intervenors participated in 24 rate cases before the Public Service Commission and helped save at least \$368 million for the state's utility customers; \$53.5 million of this total represents adjustments due solely to the work of the Board....

...The Board led the fight against New York Telephone's request for \$393 million in higher rates and 20 cents for pay phone calls; the Public Service Commission reduced the rate increase to \$232.6 million and rejected the 20 cent pay phone call....

...A start was made in this direction in New York State in 1970 with the creation of the Consumer Protection Board, which was charged by law with representing the interests of consumers before state, local and federal agencies. That base was built upon in 1974 when the Legislature specifically mandated that the Board participate in rate proceedings of the Public Service Commission with all the rights and privileges of a party. The Board believes that over the last three years it has begun to realize the potential contained in the legislative enactments of 1970 and 1974. As this report details, our participation in Public Service Commission proceedings has saved New Yorkers \$53.5 million in utility bills over the last two years. These are adjustments due solely to Board advocacy before the Commission. While there is not way to measure the separate impact on Commission decisions of positions jointly espoused by the Board and the Public Service Commission staff, these joint positions saved consumers an additional \$314.5 million. The Board's accomplishments have been achieved with an annual intervention budget of about \$380,000, and a professional utility advocacy staff that has never exceeded ten people....

...The importance of consumer advocacy by an agency other than the one charged with final decision-making cannot be overemphasized. An agency charged with rendering a final regulatory decision is by necessity a mediator of conflicting points of view, rather than a single-minded advocate of the unorganized consumer. Regulatory agencies are routinely confronted with industry arguments that price increases less than those proposed would impair the financial integrity of the industry and therefore adversely affect the availability or reliability of the goods or services in question. Consumer advocates, on the other hand, tend to view these predictions of doom with skepticism and so are reluctant to pay immediate higher prices in return for vague long-run benefits. The credibility of the final regulatory decision ultimately depends upon the extent to which these opposing points of view have been given a fair hearing. Ongoing consumer advocacy can never guarantee lower prices. It does hold the promise of pricing decisions that come closer to a fair balance between the interest of consumers and those of providers of goods and services....

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10.

From the Annual Report of the Office of Consumer Affairs,  
Commonwealth of Pennsylvania

...Bell Telephone Company of Pennsylvania--Bell filed its request for an approximate \$150 million rate increase a few weeks before the Office began operation in November, 1976.

After considerable investigation and study, the OCA recommended that the Commission grant the Company no more than \$1 million in a rate increase. This recommendation was based on the testimony supplied by the four expert witnesses we presented in this case. The Administrative Law Judge in the case handed down the preliminary decision recommending a rate increase of \$80 million.

After nearly two days of exhaustive deliberation, the Commission voted to grant the Company \$38 million--approximately \$112 million less than it originally requested....

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From the Annual Report of the Committee of Consumer Services,  
State of Utah

...UTILITY POLICIES AND POSITIONS OF 1978: The Public Service Commission functions something like a court in which there are often many participants advocating positions representative of their interests. The Committee advocates positions which it believes, after deliberative evaluation, are in the best interests of residential and small business consumers....

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From Background Information, Department of Consumer Affairs,  
South Carolina

...Whereas state regulatory bodies may seek to balance the interests of the public and applicant for rate increase, in contrast, the Consumer Advocate functions solely in the role as legal representative for its client, the consuming public in order that rate increase/regulation change requests receive full and comprehensive examination of the issues and applicant justification of the request....

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From a letter to Mr. Bedrosian from the Office of the Attorney  
General, Territory of Guam

...Aside from the problem of a possible conflict of interest, the experience in Guam has been good. The type and quality of research required in utility matters is not available to individual consumers. As a result, the utilities in Guam, although government owned, have become unresponsive and, at times, arbitrary. The introduction of a Public Utilities Commission and consumer advocacy has required the utilities to justify their actions and has called public attention to them....

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From a letter to Mr. Bedrosian from the Director of the Idaho  
Electrical Consumers Office, State of Idaho

...I have found that the idea of an office that is totally separate from the Public Utility Commission (PUC) can best represent the interests of consumers in this and other states. A PUC staff, and accompanying Assistant Attorney General are often caught in a situation where they must weigh the pros and cons of the industry's case as well as that of the consumers'. A separate office would be free to advocate only the consumers case and thus provide stronger arguments. Practically speaking, it is also very difficult for a person who works for or with a PUC to appeal an order of that commission in a court of law....

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From the Annual Report of the Montana Consumer Counsel to the Montana  
Legislative Consumer Committee for 1978, State of Montana

...EXPENDITURES: Functions of the office are financed by assessments against the gross intrastate operating revenues of all companies regulated by the Public Service Commission and in accordance with constitutional and statutory provisions. The legislature appropriated \$80,000 per year for the functions of the office for the first two years of its existence. Appropriations for the fiscal year ending June 30, 1976 were \$125,753, and for the fiscal year ending June 30, 1977 were \$128,397. Appropriations for the fiscal year ending June 30, 1978 were \$150,762 and for the fiscal year ending June 30, 1979 were \$155,717....

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From the Annual Report of the Division of Rate Counsel, Department  
of the Public Advocate, State of New Jersey

...The Division of Rate Counsel has been involved in a total of 774 rate cases since its establishment in 1974. Rate Counsel's involvement in 501 cases which have been closed resulted in a substantial savings to the ratepayers living in New Jersey. In the past four and a half years, public utilities have requested over \$1,745,380,000 in increased rates. Rate Counsel found that only \$572,497,000 in rate increases were justified. After reviewing the evidence presented by the utilities and Rate Counsel, the Board of Public Utilities granted \$718,471,000 in higher rates or 41% of the utilities' original requests. In the same period, insurance companies have asked for an additional \$504,656,000. Rate Counsel recommended \$301,998,000 and the Department of Insurance awarded \$290,153,000 or 57% of what the companies had originally requested. Rate Counsel's current case load totals 273 cases....

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From a letter to Mr. Bedrosian from the Legal Department of the  
Public Service Board, State of Vermont

...It is my opinion that the interests of the ratepayers require representation in rate proceedings separate from staff counsel to a regulatory commission. A commission, including staff, usually is obligated to represent the interests of both the utility and the public. Furthermore, the utility is usually fully represented by counsel in rate proceedings. Therefore, counsel devoted solely to the representation of the consuming public is needed to maintain a proper balance in the institutional framework of rate proceedings....

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From a letter to Mr. Bedrosian from Maurice Bishop, Attorney,  
Birmingham, Alabama

...I strongly endorse consumer advocacy legislation in dealing with utility rates. The result that can be obtained can perhaps best be illustrated by what was done in Alabama. During 1977 and 1978, we obtained the following refunds to Alabama consumers:

1. South Central Bell Telephone Co. - approx.	\$ 90,000,000
2. Alabama Power Company	3,000,000
3. General Telephone Company of the Southeast	2,500,000
4. Alabama Power Company	18,000,000
5. Independent Telephone Companies - approx.	6,000,000
6. Continental Telephone Company	55,000
7. General Telephone Company of the Southeast	250,000
	<hr/>
	\$119,805,000

All of this work was accomplished with a budget (at that time) and expenditure of less than \$200,000. In short, Alabama consumers received substantial decreases accomplished in Commission proceedings and actual cash refunds of \$119,805,000 in return for an expenditure of approximately \$200,000.

I commend you for your efforts and sincerely hope that your Legislature will adopt consumer advocacy legislation in utility rate proceedings. In my opinion, this is one of the most serious questions facing the people of America in this inflationary period....



From the Report of the Office of the Public Counsel, State of Missouri

CASE DOCKET OF THE  
OFFICE OF THE PUBLIC COUNSEL.

September, 1974 through June, 1978

I. RATE CASES

<u>COMPANY</u>	<u>REQUESTED</u>	<u>RECEIVED</u>	<u>DISPOSITION</u>	<u>DATE</u>
Gas Service Co. 17,994	5,580,000	5,580,000	Hearing	9/74
Joplin Water Co. 18,011		290,000	Settled	10/74
Laclede Gas Co. 18,015	12,475,000	12,200,000	Settled	9/74
Capital City Water Co. 18,099		160,000	Settled	11/74
Associated Natural Gas Co. 18,101	1,303,178	1,127,295	Hearing	3/75
Arkansas-Missouri Power Co. 18,102	2,635,444	2,220,396	Settled	1/75
Arkansas-Missouri Power Co. 18,103	252,396	252,396	Hearing	3/75
Central Telephone Co. 18,121	722,806	475,000	Settled	1/75
Fee Fee Sewer 18,131	582,538	556,000	Hearing	12/74
Southwestern Bell 18,138	48,000,569	32,556,455	Hearing- Settled	3/75
St. Joseph Water Co. 18,141	655,000	472,508	Settled	3/75

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COMPANY	REQUESTED	RECEIVED	DISPOSITION	DATE
Great River Gas Co. 18,142	816,000	630,000	Settled	2/75
Missouri Public Service Co. 18,180	10,350,000	5,593,684	Hearing	7/75
Missouri Public Service Co. (G) 18,181	941,000	586,724	Hearing	7/75
Missouri Utilities Co. (G) 18,219	509,000	303,000	Hearing	6/75
Missouri Utilities Co. (S.E. & Cent. Gas) 18,246	1,366,065	553,870	Hearing	12/75
United Telephone 18,264	3,819,421	-0-	Hearing	10/75
Continental Telephone 18,281	4,100,000	1,739,351	Hearing	10/75
Missouri Power & Light Co. (E) 18,303	3,618,650	2,217,309	Hearing	12/75
Missouri Power & Light Co. (G) 18,304	635,820	215,715	Hearing	12/75
Union Electric 18,314	76,000,000	50,892,000	Hearing	12/75
Empire District Electric Co. 18,330; 18,545	4,076,000	2,125,000	Settled	12/75
Missouri Utilities Co. (E) (S.E.) 18,352	5,267,227	687,537	Hearing	12/75
Missouri Utilities Co. (W) 18,371	185,000	132,924	Hearing	12/75

COMPANY	REQUESTED	RECEIVED	DISPOSITION	DATE
Fee Fee Sewer (Permanent Rates) 18,396	1,108,380	-0-	Hearing	5/76
Fee Fee Sewer (Interim Rates) 18,414	474,496	-0-	Hearing	2/76
Kansas City Power & Light Co. 18,433	30,599,000	17,020,276	Hearing	5/76
Kansas City Power & Light Co. (S) 18,463	550,000	550,000	Hearing	5/76
Missouri Public Service Co. (E) 18,467	4,250,000	-0-	Hearing	10/75
	(G) 700,000			
Missouri Public Service Co. (Parts II, III, IV & V of V) 18,501; 18,502; 18,503 & 18,504	(E) 9,084,006 (G) 1,419,657	3,724,180 910,882	Hearing	6/76 6/76
General Telephone 18,522	1,860,000	-0-	Prehearing Voluntarily Dismissed	3/76
Missouri Edison Co. 18,567	527,000	527,000	Hearing	10/76
Gas Authority Order 461	199,523	199,523	W/O Hearing	12/75
St. Louis County Sewer 18,598	258,116	112,474	Hearing	8/76
Arkansas-Missouri Power Co. (E) 18,599	1,334,557	294,736	Hearing	11/76
Arkansas-Missouri Power Co. (G) 18,600	803,614	336,473	Hearing	11/76
Associated Natural Gas Co. 18,601	1,052,337	845,080	Hearing	11/76

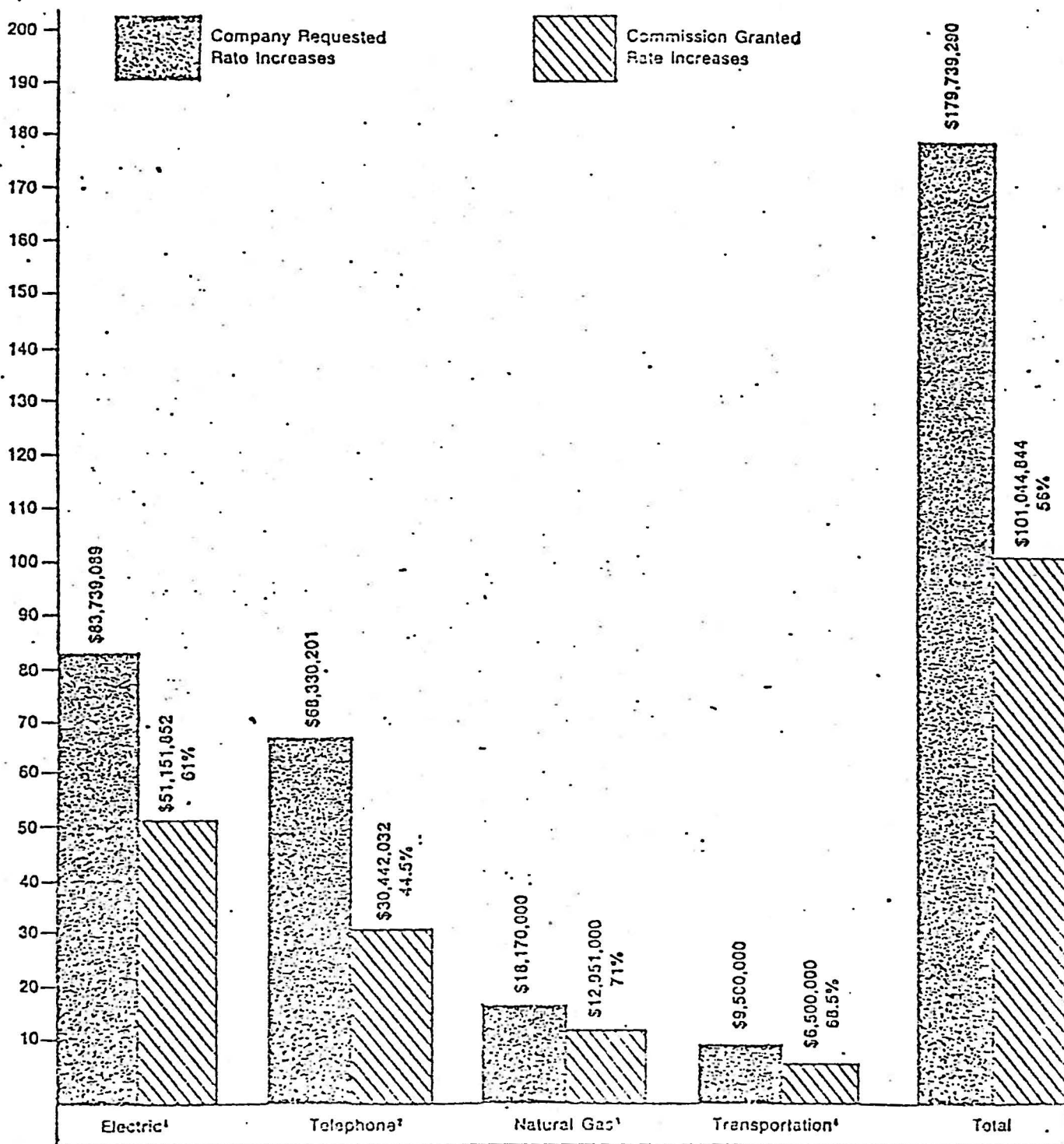
COMPANY	REQUESTED	RECEIVED	DISPOSITION	DATE
Capital City Water Co. 18,608	281,000	-0-	Hearing	10/76
St. Joseph Power & Light Co. (E) 18,626 (G) (S)	5,100,000 135,000 383,500	3,411,586 84,400 314,843	Hearing	9/76
Continental Telephone 18,657	3,142,000	1,080,000	Hearing	11/76
Southwestern Bell 18,660	71,400,000	27,249,000	Hearing	12/76
Gas Service Co. 18,662	10,600,000	7,316,705	Hearing	12/76
Central Telephone 18,698	1,338,046	186,811	Hearing	1/77
Missouri Edison Co. (E) 18,705	1,804,000	1,031,203	Hearing	10/76
Empire District Electric Co. 18,713	3,300,000	2,865,780	Hearing	1/77
Martigney Creek Sewer Co. 18,732	67,699	52,235	Hearing Staff/Co. Settlement	12/76
General Telephone 18,759	2,152,000	1,400,000	Settled	11/76
Empire District Electric Co. 18,786	342,000	-0-	Dismissed	8/76
Arkansas-Missouri Power Co. ER-77-24	739,000	-0-	Hearing	6/77
Laclede Gas Co. GR-77-33	13,555,000	8,718,140	Hearing	6/77
Eastern Missouri Telephone TR-77-53	29,000	29,000	Settled	4/77

COMPANY	REQUESTED	RECEIVED	DISPOSITION	DATE
St. Joseph Light & Power Co. ER-77-107	7,530,713	4,099,905	Settled	7/77
Arkansas-Missouri Power Co. (E) ER-77-116 (G)	2,657,895 460,443	2,657,895 277,730	Settled	10/77
Associated Natural Gas Co. GR-77-117	1,010,678	428,169	Settled	10/77
Kansas City Power & Light Co. ER-77-118	43,456,000	11,533,142	Hearing	10/77
Union Electric ER-77-154	65,400,000	30,755,498	Hearing	1/78
Grand River Mutual Telephone TR-77-177	251,514	251,514	Settled	12/77
Empire District Electric Co. (W) WR-77-209	92,000	89,476	Hearing	1/78
Empire District Electric Co. (E) ER-77-210	9,398,775	3,450,090	Settled/ Hearing, Re: Late Pay- ment Charge	2/78
Missouri Water Co. WR-77-212	1,118,290	900,651	Settled	3/78
Southwestern Bell Telephone Kansas City Rate Regrouping TR-77-214	4,000,000 (approximately)			
Arkansas-Missouri Power Co. ER-77-217	1,314,000	1,314,000	Hearing	8/77
St. Joseph Water Co. WR-77-226	682,000	315,000	Settled	2/78
Raytown Water Co. WR-78-4	93,500	72,820	Settled	12/77

COMPANY	REQUESTED	RECEIVED	DISPOSITION	DATE
Missouri Public Service Co. ER-78-29	18,723,097	976,980	Hearing	6/78
Missouri Public Service Co. GR-78-30	2,167,137	421,154	Hearing	6/78
Empire District Electric Co. Interim ER-78-50	3,552,000 (October 1) 8,012,480 (January 1)	458,000	Hearing	10/77
Valley Sewer Co. SR-78-58	28,630	14,604	Hearing	8/78
Gas Service Co. GR-78-70	9,371,497	5,080,784	Settled/ Hearing, Re: Late Payment Charge	6/78
Missouri Cities Water Co. (Interim) WR-78-107; SR-78-108	209,757	95,000	Settled	5/78
Missouri Power & Light Co. (Interim) GR-78-122	728,352	728,352	Hearing	8/78
Missouri Power & Light Co. (Permanent) GR-78-123	1,340,000			
Lake Saint Louis Sewer Co. SR-78-142	115,200			
L. W. Sewer Corp. SR-78-144	2,595	2,595	Settled (SCRCP)	5/78
Laclede Gas Co. GR-78-148	18,937,285			
Great River Gas Co. GR-78-168	195,000			
Rankin Acres Water Co. WR-78-183	1,680	1,680	Settled (SCRCP)	5/78

COMPARISON OF UTILITY RATE INCREASE  
REQUEST WITH RATE INCREASES GRANTED  
BY THE NORTH CAROLINA UTILITIES COMMISSION

July 1, 1977 to September 15, 1978



<sup>1</sup> Includes Duke Power Company, Virginia Electric & Power Company, and Western Carolina University.

<sup>2</sup> Includes Southern Bell Telephone & Telegraph Co., Central Telephone Company, and United Telephone Company.

<sup>3</sup> Includes Piedmont Natural Gas, Public Service Company, N. C. Natural Gas, and Pennsylvania & Southern Gas Company.

<sup>4</sup> Includes 25 transportation cases.

20.

From the Annual Report of the Division of Rate Counsel, Department  
of the Public Advocate, State of New Jersey

SUMMARY OF RESULTS ACHIEVED BY THE DIVISION OF RATE COUNSEL  
IN MAJOR CASES HEARD BEFORE THE BOARD OF PUBLIC UTILITIES

Name of Case	Type of Relief Requested I=Interim P=Permanent	Requested Relief	Rate Counsel Recommendation		Board Award		Date of Award
Atlantic City Electric Co.	P	\$ 16,500,000	\$ 5,100,000	30.9%	\$ 8,019,000	48.6%	1/19/78
Kinsleys Sanitary Landfill	P	913,410	227,734	24.9	227,734	24.9	1/19/78
South Jersey Gas Co.	P	8,650,000	0	0	2,184,600	25.3	3/02/78
Atlantic City Sewerage Co.	P	2,282,000	1,900,000	83.3	2,277,652	99.8	3/16/78
Monmouth Consolidated Wtr. Co.	P	3,060,760	862,650	28.2	2,407,420	78.7	4/27/78
Hackensack Water Co.	P	4,242,860	0	0	2,221,000	52.3	5/19/78
Public Service	P	394,995,000	153,118,000	38.8	153,118,000	38.8	5/19/78
Atlantic City Electric Co.	P	35,700,000	14,800,000	41.5	14,800,000	41.5	7/13/78
Elizabethtown Wtr. Co.	P	5,261,467	995,000	18.9	3,061,346	58.2	9/28/78
Hackensack Water Co.	I	4,044,000	0	0	0	0	10/19/78
Middlesex Water Co.	P	2,594,329	1,314,394	50.7	1,314,394	50.7	11/01/78
City of Jersey City	P	996,800	(665,000)	(66.7)	865,000	86.8	11/16/78

TOTAL UTILITY CASE RESULTS

	Requested Relief	Rate Counsel Recommendation		Board Award	
1978 Awards	\$ 481,664,453	\$181,697,701	37.7%	\$195,263,195	40.5%
1977 Awards	129,121,852	25,235,525	19.5	32,752,469	25.4
1976 Awards	825,590,981	184,385,232	22.3	227,054,742	27.5
1975 Awards	309,003,125	181,178,573	58.6	263,400,993	85.2
Totals on awards from June 1974 to December 1978	\$1,745,380,411	\$572,497,031	32.8	\$718,471,399	41.2

Averages include only cases in which permanent relief was granted and specific recommendations were made by Rate Counsel. 21

EXHIBIT A



From the Annual Report of the Office of Public Counselor, State of Indiana

PUBLIC COUNSELOR MAJOR RATE CASE SUMMARY

Utility	Type of Utility	Order Number	Order Date	Increase Requested	Increase Recommended	Increase Granted	Percent Received	Expert Witness Fees	Utility Rate Case Expense
Indpls. Power & Light	Electric	33735	4-1-75	32,742,935	6,358,441	18,008,986	55%	49,988	200,000
Ind. & Michigan	Electric	33834	5-28-75	62,067,000	16,382,000	44,130,000	71%	62,724	378,000
Ind. Bell Telephone	Telephone	33918	9-3-75	44,500,000	17,097,000	38,420,600	86%	68,074	30,000 ***
Ind. Gas & Elec.	Electric	33954	9-3-75	9,100,000	3,594,223	9,004,000	99%	42,695	161,500
Public Service Ind.	Electric	33952	10-6-75	63,300,000	6,265,000	58,404,000	92%	43,377	48,244 ***
No. Ind. Pub. Service	Electric	33920	10-6-75	53,854,354	14,912,944	50,152,051	93%	49,966	51,167 ***
United Telephone	Telephone	34234	9-29-76	2,178,555	-0-	-0-	-0-	37,843	125,910 ***
Indpls. Power & Light	Electric	34363	12-15-76	31,698,000	19,834,000	27,640,000	87%	47,766	175,000 ***
Citizens Gas Co.	Gas	34358	11-12-76	7,682,899	3,000,000	2,409,238	31%	39,523	112,000 ***
Indpls. Water Co.	Water	34496	9-24-76	10,441,485	1,507,181	9,576,325	92%	38,554	250,800
Ind. & Michigan	Electric	34588	1-31-77	76,197,000	10,963,066	41,771,477	55%	42,599	292,285
Ind. Bell Telephone	Telephone	34809	5-25-77	14,205,000	.	13,746,000	96.7%	39,349	?
Midwest Telephone	Telephone	34861	4-13-77	Service Authy	Dismissed	Dismissed	---	44,691	?
Continental Tel.	Telephone	34887	3-31-78	485,280	139,343	364,000	75.01%	37,347	?
No. Ind. Pub. Service	Electric	34920	9-27-77	59,850,000	14,538,803	49,000,000	81.87%	69,274	170,506
Indpls. Power & Light	Electric	35132	8-30-78	51,814,000	33,784,000	46,600,000	89.9%	59,993	200,000

1987  
EXHIBIT A

22.

PUBLIC COUNSELOR MAJOR RATE CASE SUMMARY

Utility	Type of Utility	Order Number	Order Date	Increase Requested	Increase Recommended	Increase Granted	Percent Received	Expert Witness Fees	Utility Rate Case Expense
Public Service Indiana	Electric	35214	9-21-78	75,300,000	16,689,000	58,490,000	77.8%	59,998	65,000***
Ind. Bell Telephone	Telephone	35222	12-13-78	42,000,000	-0-	29,235,000	69%	84,970	?
Ind. & Michigan	Electric	35251	9-21-78	93,412,620	22,642,601	43,011,799	46%	55,599	321,514
Ind. Gas & Elec.	Gas	35279	9-21-78	2,900,000		2,116,176	73%	2,997	186,900
No. Ind. Pub. Service	Gas	35326	11-22-78	39,455,249		18,639,986	47%	12,000	180,000
So. Ind. Gas & Elec.	Electric	35528	In Process	21,000,000	In Process	In Process		78,000	?
No. Ind. Pub. Service	Electric	35572	In Process	64,602,809	In Process	In Process		75,000	220,000

\* - Contract amount used pending final billing.

\*\*\* - Intra-Company personnel time not allocated to rate case expense by company.

A P P E N D I X

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EXHIBIT A 1939

The  
City of  
Sparks

Office of the  
CITY ATTORNEY

April 16, 1979

Tod Bedrosian  
Assemblyman  
Northwest Reno, District 24  
1181 Wagon Wheel Circle  
Reno, Nevada 89503

Dear Tod:

I am in receipt of AB 364, an effort to establish an office of consumer advocacy. You have asked me to write to you concerning my experience in this field. Initially the City of Sparks, along with the City of Reno and the County, had a coordinated effort to face the power company's rate increases. We hired experts and went to various hearings of the Public Service Commission. I believe there were at least three or four rate hearings in which we were involved and a great deal of time was spent on each one of these.

Thereafter, the County decided to carry the balance and had a special deputy assigned to rate hearings. That was Chuck Eddleman and Chuck was supposed to become an expert in these matters and consolidate all governmental activity involved in rate hearings. I believe that he and Van Wagoner did not see eye to eye on certain methods of handling rate hearings and we sort of dropped by the wayside.

Thereafter, the rate hearings kept coming and sooner or later by sheer weight of ammunition, the power companies overcame the governmental entities. In the last year and one-half or so, I think there has been several applications, but I don't believe that either Reno or Sparks has done anything about them. It simply became a matter of not having enough time.

I am very much opposed to creating any more government and consider myself kind of a Howard Jarvis. However, when facing the power company and Stone and Webster and all the resources available to the power company, I feel that the creation of one more tier of government consumer advocacy may well be in the best interests of the citizens of Nevada. As I see the bill, possibly one attorney and an assistant would be used to take the part of the consumer at rate hike hearings. The Public Service Commission

25.

City Hall: 131 Prater Way, Sparks, Nevada 89431. (702) 359-2700

Tod Bedrosian, Assemblyman  
April 16, 1979  
Page 2

attorneys, I do not believe, can really act for the consumer as basically they are to advise the members of the Public Service Commission, who are the judges of that situation.

I believe that if real expertise was created in this office that it would be of benefit to the taxpayers.

In response to your specific question, yes, Sparks has intervened in at least three or four cases that I recall and in several cases I thought our presence there was of value to the Commission. We did hire with Reno an expert, Howard LeBoe, from back east. Van Wagoner was principally responsible with coordinating the expert and I can recall cross-examining Joe McKibben and Joel Brimbam, who had all the answers and knew enough about rate structures and other things involved in a rate case to make me look somewhat silly. I would certainly plan to intervene in the future if the office of the consumer advocacy is not created.

Sincerely yours,



PAUL W. FREITAG  
City Attorney

PWF:lp

26.

OFFICE OF THE CITY ATTORNEY

ROBERT L. VAN WAGONER  
785-2056  
City Attorney

CITY HALL  
P. O. BOX 1900  
RENO, NEVADA 89505

April 20, 1979

LOUIS S. TEST  
785-2054  
MICHAEL V. ROTH  
785-2053  
MICHAEL SMILEY ROWE  
785-2050  
LANCE R. VAN LYDEGRAF  
785-2052  
CHARLES L. EDDLEMAN  
785-2051  
Assistant City Attorneys

Tod Bedrosian, Assemblyman  
District 24  
1181 Wagon Wheel Circle  
Reno, Nevada 89503

Dear Tod:

Thank you very much for your letter of April 9, 1979. I have been on vacation and that is the reason for my delay in responding.

In my opinion, AB 364 represents necessary legislation which should be adopted. In the past, City Attorneys and District Attorneys have attempted to represent consumers' interests with some degree of success. However, it should be remembered that rate hearings are regional in nature and usually affect multiple political subdivisions, counties and areas. Therefore, it would seem appropriate for a state-level agency to represent the concerns of the consumer in this area of state wide regulation.

The City of Reno does receive a three percent franchise fee from Sierra Pacific Power Company which last year amounted to \$1,085,172.67 income to the City of Reno. In my opinion, the City or the County can represent their own interests in a given rate hearing case, however, the involvement to date has been more as a representative of the political entities rather than as an ombudsman for the consumer in general. This is why a number of years ago representation through the Attorney General's Office was suggested. The problem with local attempts to intervene in given cases are many and simply do not get the job done.

The primary problem of local governmental entities attempting defense in these cases is the inability to coordinate all of the interested local governmental entities and parties. Such coordination takes time and usually is too politically volatile to meet with much success. Some councilmen will only authorize \$1,000 and others are not interested unless open competitive bidding is allowed in the employment of expert consultants. Local district attorneys and city attorneys usually do not have the staff, time or budget to intervene in even half of the cases filed before the P.S.C.

27,

EXHIBIT A

Tod Bedrosian, Assemblyman  
District 24  
April 20, 1979  
Page Two

All things considered, in my experience, AB 364 represents good legislation which should be passed. I realize the Attorney General's Office does have a conflict, however, I believe it is adequately covered in the Bill.

Sincerely,

ROBERT L. VAN WAGONER  
CITY ATTORNEY

RLV:cd

28.

EXHIBIT A

1943



CALVIN R.X. DUNLAP  
District Attorney

Washoe County Courthouse  
South Virginia and Court Streets  
P.O.Box 11130 • Reno, Nevada 89520

April 12, 1979

Tod Bedrosian, Assemblyman  
1181 Wagon Wheel Circle  
Reno, Nevada 89503

Dear Tod:


I am leaving town for several days and will not be able to respond in depth to your questions regarding A.B. 364. I discussed your letter with Cal Dunlap. As you may know, Cal is personally interested in and supports A.B. 364. He is preparing more detailed information in support of the bill.

I personally support the bill and wish you well in your efforts to get it adopted this session.

Best regards,

Sincerely,

CALVIN R. X. DUNLAP  
District Attorney

By   
\_\_\_\_\_  
CHAN G. GRISWOLD  
Chief Civil Deputy

CGG:ph

29.





**CALVIN R.X. DUNLAP**  
District Attorney

Washoe County Courthouse  
South Virginia and Court Streets  
P.O.Box 11130 • Reno, Nevada 89520

April 5, 1979

Mr. Tod Bedrosian  
Assemblyman  
District No. 24  
1181 Wagon Wheel Circle  
Reno, Nevada 89503

Dear Tod:

We are in receipt of your letter of April 2, wherein you request information concerning the history of intervention by the Washoe County District Attorney's Office in rate hike hearings.

It is true that in the past Washoe County has intervened in these hearings on behalf of consumers in Northwestern Nevada, and we have had some success in these interventions. But, of course, such intervention is extremely expensive and time consuming for our staff. It took virtually the full time efforts of one Deputy District Attorney, as well as back-up personnel on our staff, to competently take on this task. Intervention in only one case required the expenditure of substantially in excess of \$30,000 in direct out-of-pocket funds by Washoe County with some contribution by surrounding counties. This did not include the attorney's regular salary or the large expenses for materials and back-up staff. It was only for expert witness fees, travel expenses, etc. We can only assume that with inflation, these expenses will continue to skyrocket in the future.

You indicate it has been mentioned to you that the counties can utilize the franchise tax to subsidize intervention.

301

EXHIBIT A J

1945

Mr. Tod Bedrosian  
Page Two  
April 5, 1979

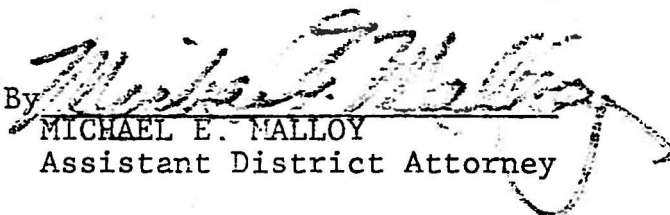
This is not the case. Pursuant to the provisions of NRS 709.110 and 709.230, the franchise tax must be passed on totally to the School District. Therefore, the tremendous expenses of intervention must be paid from the county general fund. With property tax reform a virtual certainty, the counties will be in an even less able position in the future to shoulder these expenses.

Our office strongly supports A.B. 364, as it would seem much more economically feasible for intervention to be conducted on the state level by the Attorney General's Office. This would also promote more continuity of policy and procedure than continued intervention on a case-by-case basis by local District Attorneys.

If you have any questions, or need any more information, please feel free to contact us at any time.

Sincerely,

CALVIN R. X. DUNLAP  
District Attorney

By   
MICHAEL E. MALLOY  
Assistant District Attorney

31

EXHIBIT A

1946





*Office of the District Attorney*

April 19, 1979

CLARK COUNTY COURTHOUSE  
LAS VEGAS, NEVADA 89101  
(702) 386-4011

Assemblyman Tod Bedrosian  
Northwest Reno, District 24  
Nevada State Legislature  
Capitol Complex  
Carson City, Nevada 89701

RE: AB 364, Consumer Advocate

Dear Assemblyman Bedrosian:

I would like to alert you of this office's support of AB 364. This support is premised on the fact that we are definitely not in a position to adequately represent consumers in utility rate increase cases.

As you know, District Attorney offices have not generally been active in this area of litigation for three (3) principle reasons: First, these cases are protracted and there is a problem with continuity of attorneys representing the consumer. Because one case can take several years before there is a final decision, the original attorney assigned the case in a District Attorney's office will frequently leave and the new deputy assigned the case will not be familiar with the voluminous files. The second reason for hesitance to intervene in these cases is the fact that it would take a full time attorney to handle those matters. Because of our other pressing matters it would be difficult to allocate this type of manpower. Finally, the costs of retaining experts such as CPA's and economists to represent consumers would be overly taxing, to say the least.

I believe the best solutation is to have a State office with the duties outlined in AB 364. It appears that most other States have been well benefited by the establishment of such State offices.

I would like to mention that Vincent Laubach of our staff is familiar with the issues surrounding this Bill and would certainly be available to testify at a hearing if you so wish.

Sincerely,

ROBERT J. MILLER  
DISTRICT ATTORNEY

VAL:RJM/ssz

33.

ROBERT J. MILLER  
DISTRICT ATTORNEY

REX BELL  
ASSISTANT DISTRICT ATTORNEY

BILL CURRAN  
COUNTY COUNSEL

CHIEF DEPUTIES

CHUCK PAINE

DONALD K. WADSWORTH

STEVE GREGORY

RAYMOND D. JEFFERS

STEVEN J. PARSONS

MELVYN T. HARMON

DAN M. SEATON

EDWARD R. J. KANE

DAVID P. SCHWARTZ

JOEL M. COOPER

BEECHER AVANTS  
CHIEF INVESTIGATOR

KELLY W. ISOM  
ADMINISTRATIVE OFFICER



STATE OF NEVADA  
OFFICE OF THE ATTORNEY GENERAL  
COMMERCE DIVISION  
201 SOUTH FALL STREET  
CARSON CITY 89710

RICHARD H. BRYAN  
ATTORNEY GENERAL

March 30, 1979

JAMES I. BARNES  
CHIEF DEPUTY ATTORNEY GENERAL

M E M O R A N D U M

TO: Tod Bedrosian, Assemblyman  
FROM: James I. Barnes, Chief Deputy Attorney General *JIB*  
SUBJECT: Utility complaints

Pursuant to our telephonic conversation of March 29, 1979, I wish to confirm that complaints against utility companies are not processed or otherwise handled by the Commerce Department or any of its divisions.

If you desire any further information regarding this matter, please do not hesitate to contact me.

34

EV 11 ГВПА J'

1949



CALVIN R.X. DUNLAP  
District Attorney

Washoe County Courthouse  
South Virginia and Court Streets  
P.O.Box 11130 • Reno, Nevada 89520

April 2, 1979

Tod Bedrosian, Assemblyman  
Nevada Legislature  
Carson City, Nevada 89710

Dear Mr. Bedrosian:

Please be advised that the Washoe County District Attorney's Office, Consumer Protection Division, has not intervened in utility rate hearings with Sierra Pacific Power Company. Further, it is my understanding that in the future this Division will not be involved in utility rate hearing matters.

However, you should be aware that the deputy district attorneys that have been assigned to the Consumer Protection Division in the past, have represented the Washoe County District Attorney's Office in utility rate matters. Therefore, many people are confused that the Consumer Protection Division has intervened rather than a civil deputy district attorney on behalf of the Washoe County District Attorney's Office. If you have any questions in this matter, please feel free to contact me at 785-5652.

Sincerely,

CALVIN R. X. DUNLAP  
District Attorney

By Shirley Katt  
SHIRLEY KATT  
Consumer Protection Analyst

SK:ph

357

A P P E N D I X

C

36.

EXHIBIT A

1951

# Consumer complaints to PSC increasing

APPEAL 1/8/79

He has a new job and he's working 12-hour days, four days a week. At home, his wife is pregnant. Labor could come anytime. The couple is worried because even though he ordered a phone last October, no phone will be installed until March.

That man lives in Stead. But his problem is a common one in Northern Nevada, where housing growth is outpacing the ability of utilities to extend service, according to Robert Clark, who heads the consumer affairs division of the Public Service Commission. The PSC regulates public utilities and transportation firms.

Complaints to the PSC have about doubled in the past year, Clark said. Much of that may be due to problems caused by rapid growth, he noted, as well as increasing public awareness of his office.

"The lead time on a really big job right now can be up to 32 weeks," Clark said. A couple of years ago, 12 to 14 weeks was the average, he added.

Those long lead times are often a shock to people who come to the state from more urban areas, where utility extensions are easier, Clark said. "One of the things they don't do is check prior to going out there."

People should make arrangements for utility and phone service before they move into areas, Clark said. Sierra Pacific Power Co. spokesman Walt McKenzie agreed. McKenzie said just dropping by the office won't do — people who want power have to sign the forms before their wait can even begin.

"Putting in an early order isn't always the solution, however. I don't think I could give them any advice on how to cut down (on the wait time) because it's a matter of growth," said Nevada utility Bob Smith.

He said the wait for telephone service could vary wildly depending on the customer's location. In some areas near Fernley, the wait could be until Fall, Smith said.

Clark's six-person division was created by the 1975 Legislature to handle consumer complaints against the utilities.

"We're here to see that the consumer gets a fair shake," Clark said. "At the same time the utility is entitled to a fair return on its investment," he added.

"A lot of people either feel we're pro-utility or pro-consumer. That is not the case."

Clark said his agency received "well over 3,000 complaints for the year (1978)" and resolved about 97 percent of them informally. In the other 3 percent, legal problems or questions about rules make simple solutions impossible. So Clark prepares an information sheet on the case and submits it to the Public Service Commission for more formal study or hearings.

Clark said he tries to resolve complaints within 30 days. Often they are questions which can be handled over the phone, he said. Other times, a response from the utility is needed.

Clark said his office notifies utilities within three working days after it receives the complaint. The utility has 15 days to respond. If the complaint division hears nothing, it sends another letter to the utility, which gets another 10 days to respond.

If it doesn't finally answer, Clark said he can "go before the commission for disciplinary action."

"Normally we've had pretty good cooperation with the utilities in responding," he added.

To help consumers understand what's going on with their utility services — and bills

— Clark said his office is preparing a series of pamphlets which explain utility charges, outline the consumer's rights and tell how to lodge complaints.

EXHIBIT A

1952

37.



May 14, 1979

To Don Mello , Chairman Ways and Means

Subject: A. B. 364

Central Telephone is reemphasizing its concern about competition in the Market Place; we must have a responsive Commission when filing for new product offerings. The following statistics will indicate the conclusion of our last five filings:

<u>Date Filed</u>	<u>Date Approved</u>	<u>Time Duration</u>	<u>Case Filed</u>
4-4-75	9-2-75	150 Days	This increased certain installation charges
11-1-77	3-27-78	148 Days	Reduced rate of customer provided equipment
11-17-77	1-6-78	50 Days	Approved pickup and return program
6-5-78	8-25-78	80 Days	Rate for sound and paging equipment
1-31-79	Still Pending		Charges for Direct In Dialing - Centrex Trunks

We understand payment for Attorney General's advocate program is not to exceed 1 mil; 1 mil taxed to Central Telephone would provide \$58,500 to fund this program.

The Public Service Commission has performed a good job of regulating Central Telephone. We have been able to hold down our cost for several reasons. One example would be the Commission placed a lot of emphasis on a unit stroke production program that we had in effect 15 years ago and encouraged us to further study those production efforts; this program evolved into our present performance profile where we now measure individuals:

1. Safety performance
2. Quality of work
3. Production
4. Attendance
5. Sales Effort

Our performance program was so successful that four major telephone companies from around the country asked for us to provide a seminar so that they could adopt our program in their companies.

EXHIBIT B  
(Page 1 of 2 Pages)

From the foregoing it can be seen that the present P.S.C. program of regulation is adequately responding to area needs without adding to the costs borne by the public. Additional costs indicated and possible added delays can be expected to be counter productive. For these reasons we are therefore against the passage of A. B. 364.

Sincerely,



Chuck King

TABLE III-1

Summary of Results of Computer Analyses  
of Significant Energy Conservation Measures

Energy Conservation Measures	Estimated Cost To Implement	Annual Gas Savings (Therms)	Annual Electric Savings ( KW )	First Year Savings	Pay-Back Period (Years)	Net Savings (7 Years) C
Install reset controls on all reheat & dual duct systems	\$ 24,000.	141,200	- -	\$ 35,300.	0.68	\$ 432,000.
Repair steam leaks/faulty traps/bad valves/damper control	25,000.	175,400	- -	43,800.	0.57	541,000.
Set Utility Plant OSA supply temp @ 45° F in winter	100.	44,000	- -	11,000.	0.01	142,000.
Replace (1) 100 H.P. condenser water pump motor with 25 H.P. motor	1,000.	- -	491,100	17,200.	0.06	189,000.
Shut-down laundry (air conditioning & steam) when not in use	8,000	37,300	52,100	11,200.	0.72	133,000.
Addition of new small boiler	50,000	222,200	- -	55,600.	0.90	668,000.
Improvement of boiler efficiency by adding oxygen trim controls	12,000.	103,600	- -	\$ 25,900.	0.46	322,000.
Lower chiller condenser water temperature to 75 F	100.	14,200	- -	3,500.	0.03	46,000.
<b>Totals:</b>	<b>\$ 120,000.</b>	<b>737,900</b>	<b>543,200</b>	<b>\$ 203,500.</b>		<b>\$2,473,000</b>

EXHIBIT

U. S. B.

1979 REGULAR SESSION (60TH)

ASSEMBLY ACTION		SENATE ACTION		Assembly	AMENDMENT BLANK
Adopted	<input checked="" type="checkbox"/>	Adopted	<input checked="" type="checkbox"/>	AMENDMENTS to	Assembly
Lost	<input type="checkbox"/>	Lost	<input checked="" type="checkbox"/>		<del>Joint</del>
Date:		Date:		Bill No. 827	<del>Resolution No.</del>
Initial:		Initial:		BDR S-1922	
Concurred in	<input type="checkbox"/>	Concurred in	<input type="checkbox"/>	Proposed by	Committee on Ways and Means
Not concurred in	<input checked="" type="checkbox"/>	Not concurred in	<input type="checkbox"/>		
Date:		Date:			
Initial:		Initial:			

Amendment N<sup>o</sup> 1139



Amend the bill as a whole by inserting new sections designated sections 3 through 8, following section 2, to read as follows:

"Sec. 3. There is hereby appropriated from the state general fund to the fund for acquisition of petroleum products the sum of \$10,000,000 to be used to alleviate possible shortages of such products. Any unexpended balance of this appropriation reverts to the state general fund on June 30, 1981.

Sec. 4. 1. If the director of the department of energy finds that a shortage of petroleum products threatens the safety or welfare of the people of this state, he shall prepare a general plan for the acquisition of petroleum products to enlarge the supply available to wholesalers in this state, and submit this plan to the state board of examiners. If the board finds the plan feasible, the state board of examiners shall forward the plan, with a record of its approval attached thereto, to the director of the legislative counsel bureau for submission to the interim finance

To: E & E  
 LCB File  
 Journal ✓  
 Engrossment  
 Bill

Date 5-14-79 EXHIBIT D  
 Drafted by FWD:ml

committee. If the plan is disapproved, the board shall return the plan to the director of the department of energy, together with the reasons for the disapproval.

2. If the state board of examiners submits the plan to the interim finance committee, it shall also request the allocation of specified amounts of money to carry it out.

Sec. 5. Upon receipt of a plan and request for allocation of money from the fund for acquisition of petroleum products, the director of the legislative counsel bureau shall notify the chairman of the interim finance committee, who shall thereupon call a meeting of the committee. If the committee, after independent examination of the request, finds that the allocation recommended by the state board of examiners should be made, the committee shall by resolution establish the amount and purposes of the allocation, and direct the state controller, upon request of the director of the department of energy, to draw one or more warrants up to that amount payable to sellers designated by the director or, within limits designated by the committee, to defray the expenses of the department in administering the program.

Sec. 6. 1. If the interim finance committee allocates money for the acquisition, the director of the department of energy may acquire petroleum products anywhere in the United States or in any other nation and offer petroleum products for sale or sell them to any wholesaler of petroleum products in this state.

2. For this purpose the director may:

(a) Contract with any wholesaler of petroleum products in this state to acquire any petroleum product for resale to him. Every contract for acquisition and resale must contain a provision which renders unenforcible the entire contract if the director is unable to acquire the petroleum product by a date to be set forth in the contract.

(b) Acquire title to any petroleum products situated in any other state of the United States or in any other nation and exchange the title so acquired for any petroleum products situated in this state.

(c) Store any petroleum product acquired by him in any state of the United States or in any other nation.

(d) Transport any petroleum product acquired by him from the place of purchase to any other place, including this state.

(e) Engage in any other lawful act necessary to acquire and resell petroleum products.

3. The director may enter into contracts with consultants, advisers, brokers and other persons to obtain competent advice relating to the acquisition or resale of petroleum products...

Sec. 7. 1. The fund for acquisition of petroleum products is hereby created in the state treasury as a special revenue fund.

2. The director shall, upon receipt of money derived from the sale of any petroleum product, deposit the money in the state treasury for credit to the fund. Any uncommitted balance in the fund reverts to the state general fund on June 30, 1981.

Sec. 8. 1. This section and sections 3 to 7, inclusive, of this act shall become effective upon passage and approval.

2. Sections 3 to 7, inclusive, of this act expire by limitation on July 1, 1981."

Amend the title of the bill to read:

"AN ACT relating to the alleviation of potential hardship; making an appropriation from the state general fund to the interim finance committee for the alleviation of any exceptional hardship imposed on a local governmental entity by any measure for tax relief enacted by the 60th session of the legislature; making an appropriation for the acquisition of petroleum products under certain circumstances; and providing other matters properly relating thereto."

1979 REGULAR SESSION (60TH)

ASSEMBLY ACTION		SENATE ACTION		Assembly	AMENDMENT BLANK
Adopted	<input type="checkbox"/>	Adopted	<input type="checkbox"/>	AMENDMENTS to	Assembly
Lost	<input type="checkbox"/>	Lost	<input type="checkbox"/>	Bill No.	<del>Joint</del>
Date:		Date:		249	Resolution No.
Initial:		Initial:		BDR	23-710
Concurred in	<input type="checkbox"/>	Concurred in	<input type="checkbox"/>	Proposed by	Committee on Ways and Means
Not concurred in	<input type="checkbox"/>	Not concurred in	<input type="checkbox"/>		
Date:		Date:			
Initial:		Initial:			

Amendment N<sup>o</sup> 1013

Resolves conflict with A.B. 87 (section 1 of this bill) and A.B. 498 (by deleting section 3 of this bill). Makes substantive changes. Replaces Amendments Nos. 769 and 801.

Amend section 1, pages 1 and 2, by deleting lines 2 through 21 on page 1 and lines 1 through 5 on page 2, and inserting:


"287.023 1. Whenever an officer or employee of the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other public agency of the State of Nevada retires under the conditions set forth in NRS 286.510 and, at the time of his retirement, was covered by any group insurance or medical and hospital service established pursuant to NRS 287.010 and 287.020, the officer or employee has the option upon [such] retirement to [:

- (a) Cancel any such coverage that he or his dependents might have; or
- (b) Continue] cancel or continue any such group insurance or medical and hospital service coverage [that he or his dependents

To: E & E  
LCB File  
Journal  
Engrossment  
Bill

EXHIBIT E

Date 5-8-79 Drafted by DS:ml

3044 



may have,] to the extent that such coverage is not provided to him or a dependent by the Health Insurance for the Aged Act (42 U.S.C. § 1395 et seq.) upon assuming the [full] portion of the premium or membership costs for the coverage continued [, until such time as he elects to be covered under another group insurance or medical and hospital service coverage.] which the governing body does not pay on behalf of retired officers or employees.

2. Notice of the selection of the option must be given in writing to the [group insurance or hospital and medical service carrier.] last public employer of the officer or employee within 30 days after the date of retirement. If no notice is given [prior to the date that the first premium payment following retirement is due,] by that date, the retired employee shall be deemed to have selected the option to cancel his coverage."

Amend section 1, page 2, by deleting lines 6 through 16, inclusive.

Amend section 1, page 2, line 17, by deleting "4.", and inserting "3.".

Amend section 1, page 2, by deleting line 19 and inserting: "of this state may pay the cost, or any part of the cost, of group insurance and".

Amend section 1, page 2, by deleting line 21 and inserting: <sup>2.</sup>

Amend the bill as a whole by deleting section 3 and renumbering sections 4 and 5 as sections 3 and 4.

Amend section 4, page 3, line 16, by deleting "the state's share", and inserting "\$15 per month".

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

"Sec. 5. Section 1 of this act shall become effective at 12:01 a.m. on July 1, 1979."

Amend the title of the bill to read:

"AN ACT relating to group insurance for members of the public employees' retirement system; authorizing local governments to pay all or part of the group insurance premiums of their retired employees; requiring the state to pay \$15 per month of the cost of the group insurance premiums of its retired employees; and providing other matters properly relating thereto."