

The meeting was called to order at 1:30 p.m. in Room 213. Senator Thomas R. C. Wilson was in the chair.

PRESENT: Senator Thomas R.C. Wilson, Chairman  
Senator Richard E. Blakemore, Vice Chairman  
Senator Don Ashworth  
Senator Clifford E. McCorkle  
Senator Melvin D. Close  
Senator C. Clifton Young  
Senator William H. Hernstadt

ABSENT: None

OTHERS Fred Hillerby, Exec. Director, Nevada Hospital Association

PRESENT: Noel A. Clark, Director, Department of Energy  
Richard McNeel  
Heber Hardy, Chairman, Public Service Commission  
Gary M. Soule, Sr. Vice President, Sierra Pacific Power  
William C. Branch, Treasurer, Sierra Pacific Power Company  
Joe McKibben, Vice President, Sierra Pacific Power Company  
Janet MacDonald, Commissioner, Public Service Commission  
Clark J. Guild, Jr. Southwest Gas Corporation  
Stan Warren, Nevada Bell Telephone Company  
Chuck King, Central Nevada Telephone Company  
Rick Pugh, Executive Director, Nevada State Medical Association

SB 385 Allows new application by public utility for change of rate that is part of pending application and abolishes requirement of posting new or amended schedules at its stations.

Joe McKibben, Vice President Finance and Accounting, Sierra Pacific Power Company, presented prepared testimony in support of SB 385 (see Exhibit A). Mr. McKibben explained that each rate case is individual and stands by itself. He continued that a strict interpretation of the statutes would prohibit Sierra from introducing new evidence and including the plant in rate base.

Chairman Wilson stated the intent of the legislation was to prevent over-filing. He stated that this language is too broad.

Senator Hernstadt suggested language that might be more satisfactory as follows: "the commission shall have a right and sole option to reconsider".

Mr. McKibben stated that Sierra Pacific's concern is the timing since the Commission has 30 days in which to reject or accept the application and an additional 60 days for further testing would be too costly to Sierra Pacific in terms of time.

Heber Hardy, Chairman, Public Service Commission, introduced Janet MacDonald, Commissioner, PSC. Ms. MacDonald stated that there are numerous changes in this legislation that go far beyond that indicated

(SB 385 - testimony continued)

by Mr. McKibben. She continued that the application is only a few pages, but that the supporting schedules and important data are buried in volumes of pages and difficult to pick out. Ms. McDonald referred to page 2, line 2, and suggested that "and" replace "or" because policy considerations are essential in determining rates. She stated that paragraph 5 be deleted because it is not enforceable, but if it were to remain, language such as "the 30 day limit" does not apply if paragraph 4 has not been complied with.

Senator McCorkle suggested that the tools are available to the Commission but are not being used for enforcement.

Chairman Wilson suggested that it would state "A public utility may set forth as justification for a rate increase items of expense or rate base which are the subject of litigation or judicial review, or which have been considered and disallowed by the Commission, only if those items are clearly and separately identified in the application and supporting schedules."

Chairman Wilson clarified that if the utility doesn't comply and the PSC doesn't discover it within 30 days, the Commission loses jurisdiction.

Senator Ashworth stated that the burden should be placed on the applicant.

Senator Blakemore stated that the interests and the intentions should be clearly stated in the first few pages of the application and the rest be back-up material.

In reply to Senator Ashworth's question, Mr. Hardy explained that an example could be a Nevada Power case where there was an adjustment to coal burning and operating expense. A previous case indicated that the Commission would not allow an adjustment which occurred outside the test period to be included in the test period. Mr. Hardy continued that in the next application, Nevada Power included their operating expense for coal being burned.

Ms. MacDonald continued that another problem is depreciation because it's possible that the Commission has disallowed depreciation for the certification period and then the utility will try to hide it. The utility should clearly indicate the depreciation, if there is any, in the first of the application. She explained to Senator Blakemore that when an application is filed, unit increases have to be estimated; within 6 months the "actual" must be provided and the Commission allows the lower of actual or estimated. She stated there are many methods to calculate the cost of debt. Ms. MacDonald explained that the Commission had stated that inventory losses in cost of fuel burned could not be included, and the utility had hidden them.

(SB 385 - continued)

Noel A. Clark, Director, Department of Energy, stated that he was appearing as a concerned consumer and that he opposed SB 385. He said that about 4 years ago a similar bill was introduced which was primarily designed to prevent pyramiding of rate cases, and that the current statute is adequate. He stated that, if there is a problem, rules and regulations should be promulgated rather than passing legislation. Mr. Clark commented that the PSC has this authority already.

In answer to Senator Blakemore's question, Mr. Clark explained that there is not a clear and distinct line of understanding between the utilities and the PSC, and that the rules should be precisely drafted so there is no misunderstanding. He continued that \$10 million is a rather severe penalty for poor accounting practices and it should be the part of the utilities to be more accurate.

Mr. McKibben explained to Chairman Wilson that Sierra Pacific had filed a rate case which had clearly and separately shown what had been previously disallowed, and it had been dismissed.

Mr. Hardy suggested that the proposed changes in the language would correct that problem.

Chairman Wilson closed the public hearing on Senate Bill 385.

SB 386 Exempts additions to existing public utility plants from certain environmental requirements.

Gary M. Soule, Senior Vice President, Sierra Pacific Power Company, presented prepared testimony in support of SB 386 (see Exhibit B).

Mr. Soule answered Senator Young's question by stating that all of the major transmission additions in the past and in the immediate future will be at 230 kvs, which is why the voltage was set at 200 and 345 kvs. Lower voltage levels are becoming more of a service than bulk power transmission. He clarified that "major" facilities are really generating plants with bulk power transmission but that "minor" facilities could be built a mile or two at a time and the voltage would be set at 200 kvs.

Mr. Soule explained to Senator McCorkle that a substation is a distributing point and considered an associated facility and cannot operate independently.

Chairman Wilson observed that the language is confusing, that there is a need for legal jurisdiction on the distinction between "major" and "minor".

Senator Close stated that the language in section 1 is too broad.

Mr. Soule explained that the intent is to define "unit" as a utility facility. He continued that "permitting" would be required if the facility were outside an incorporated area. He stated that the

(SB 386 - testimony continued)

original intent was that a "plant" is all facilities of a utility, but "plant" is not defined in the statute, and that "utility facilities" should be generating units, transmission lines, and substations over 200 kvs. Mr. Soule agreed with Senator Close that "Commence to construct" does not include additions to generating units but would include additions to generating plants which would be generating units. An addition to a generating unit would be any minor thing, such as a pump or motor, and would not be required to come under the provisions of the act. A major addition would be additional cooling, cooling water, a cooling tower or cooling pond.

Senator Close stated that an operating deficiency should not be subject to an environmental study.

Mr. Soule explained that minor additions within an existing fenced and impacted area would not necessarily be cause for an environmental review.

Mr. Soule explained to Senator McCorkle that the Tracy plant consists of one 110 megawatt unit, one 83 megawatt unit and one 60 megawatt unit. He continued that because it would take an additional generating unit if the Tracy plant were to double in size, it would have to file a new application under the environmental protection act.

Chairman Wilson interrupted the hearing on SB 386 for Senator Wilbur Faiss' testimony on SB 358.

SB 358 Relates to medical care; requiring consent of hospital patient before a consulting or additional physician is engaged by his primary physician.

Senator Faiss stated that this bill pertains to medical care and it provides that any physician or osteopathic physician who is primarily responsible for the care and treatment of a patient in a hospital shall, before securing the additional services in the care and treatment, obtain the consent of the patient, a parent, or legal guardian of the patient, or other person responsible for the debts of the patient. The consent must be on a printed form, filled in with an explanation in general terms of the need for securing the additional services; and the approximate fees which are likely to be charged for these services. A physician or osteopathic physician who is treating a patient need not obtain the required consent if one, obtaining the consent would delay treatment necessary to the patient's life or endanger the patient's health; or two, the patient is unable to consent and a person authorized to consent is not reasonably available. Whenever a physician provides such additional services, he must present the bill for his fee directly to the primary physician; who shall accumulate all fees for such additional services and present a single bill to the patient.

Date: April 2, 1979

Page: 3

(SB 358 - continued)

Senator Faiss agreed with Senator Ashworth that the initial physician would become the "billing and collecting mechanism" but that this would be necessary because there are cases where physicians get together for reasons other than tending the patient and then bill him for that time. Senator Faiss referred to a letter that he had received illustrating this problem (see Exhibit C).

Senator Young commented that the initial physician could tally the bills and add 10 percent and the bill would be even higher.

Senator Ashworth stated that it is necessary, at times, to call in other physicians for consultations.

Senator Faiss agreed, but stated that the situation is often abused. He concluded that if SB 386 is not processed, he would at least like to see some kind of investigation to help alleviate the problem where it exists.

Rick Pugh, Executive Director, Nevada State Medical Association, stated that he would investigate the situation to which Senator Faiss referred and report back to the committee. He stated that the problem is not widespread and that Fred Hillerby, Executive Director of the Nevada Hospital Association, would investigate also.

SB 386 - Testimony continued.

Heber Hardy, Chairman, Public Service Commission, stated that he agrees with the suggestion to delete line 10 of section 1. He also agreed to deleting "as determined by the Commission" on line 10 of section 3, and adding "or addition to an existing facility". He suggested that language such as "electric generating units together with their associated facilities" would be clearer. He stated that the Commission has not promulgated rules and regulations and has used the statute as a guideline.

Chairman Wilson stated that the language is jurisdictional, but that there should be some definition as to what is "minor" and what is "major".

Senator Ashworth concurred.

Mr. Hardy agreed that the present statute be left as is in this section; that if NRS 704.820 and 704.900 were complied with, there would be no need for a second hearing. He explained to Senator McCorkle that the statute requires the environmental impact studies and that it is the applicant's determination as to whether it is necessary to apply; but ultimately, it is the Commission's decision.

Senator McCorkle stated that he is concerned with "additions to existing utility facilities" and asked Mr. Hardy if he was comfortable with the language.

Mr. Hardy replied that the language is confusing and therefore the Act should not be amended by this legislation. He stated, however,

that the change "when constructed outside an incorporated city", and "transmission substations designed to operate at 200 kilovolts", would be acceptable because this would be consistent with all utility facilities. Mr. Hardy continued that it is assumed that within an incorporated facility, there are zoning laws that would protect within an urban area.

Senator Young expressed concern with limiting to construction outside an incorporated city that is on the premises.

Mr. Hardy explained that there is a problem when a telephone company builds within the city limits and has to apply for a permit; he feels this is unnecessary. He disagreed with Senator McCorkle that it is his interpretation; it is the statute that requires the permit. He concluded that it is important to require the permits for "major" units.

Noel Clark, Director, Department of Energy, appearing on his own behalf (as a consumer), stated that he is opposed to SB 386. He explained that legislative language is "in cement" and that specified rule-making to supplement the statute is a more satisfactory method, rather than amending the present statute. He continued that the Commission should have a deputy attorney general on a full-time basis for rule-making. He added that he does agree on the point regarding telephone facilities outside of an incorporated city.

Stan Warren, representing Nevada Bell, stated that he supports SB 386 as it relates to Nevada Bell.

Mr. Hardy clarified that regarding Carson City, the statute provides that electric generating units together with their associated facilities, do not have the qualifying language of being "when constructed outside"; therefore, a generating unit would require a permit.

Senator Close stated that a permit should not be required for changing a generator or a small motor and asked for language that would differentiate between "major" and "minor".

Mr. Soule explained that his new language "electric generation units together with their associated facilities" takes care of 90 percent of the additions to generating units.

Senator Close stated that Clark County has equally stringent requirements as the city, so that application permits would be costly and unnecessary.

Mr. Hardy explained to Senator McCorkle that a gas company application had been recently received by the Commission to build a liquified natural gas facility, and the location posed a problem; an alternative was to build a looping transmission line alongside the existing line to provide storage. He continued that if this were

taken out of the Environmental Protection Act, the Commission would not have a chance to determine whether there is need.

Senator McCorkle replied that if that's the case, possibly the law should be changed and that the need for justification should be independent of the EPA. He stated that two underground lines should be allowed to be built next to each other; because if the first was approved, the second should be automatic.

Chairman Wilson closed the public hearing on Senate Bill 386.

SB 387 Relating to public utilities regulation; changing certain procedures required for an increase in rates and for the use of deferred accounting.

William C. Branch, Treasurer, Sierra Pacific Power Company, testified in support of SB 387 and submitted prepared testimony (see Exhibit D).

Chairman Wilson referred to lines 38 through 40, page 2. Mr. Branch explained that this language would allow recovery of a debit balance for increased costs even if the utility's rate of return was in excess of the last allowed rate of return.

Mr. Branch explained to Senator Blakemore that the Tracy plant, which is a \$10 million plant, came out at about 4.4 percent of recovery; but that it would cost more to scrap it than to just retire it. He continued that the figures shown are only about 80 percent of the plant, which would be the Nevada jurisdictional amount; the actual cost of the plant was \$28 million.

Senator McCorkle asked why 100 percent of the value could not be recovered.

Mr. Branch explained that 100 percent is unrecoverable because of the lag. If a plant is retired at the end of 35 years, it would no longer be on the books, and would no longer be a valid expense. He stated that what Sierra Pacific is trying to do is match expenses with recovery of expenses. Depending on when the application for rate increase is made, there could be a 24-month lag in recovering all of the expenses; that would cause a financial "crunch" because expenses would be recorded on the books and the costs not recovered through rates. He stated that the present law provides that the investment is allowed up to six months after the end of the test period. At the Tracy plant investment was allowed, but the associated depreciation was not.

Mr. Branch explained to Senator McCorkle that there could be some lag, depending on when the plant went into service; if the timing was bad, the lag could be six months.

Senator Ashworth commented that it should be recovered when the expense occurred so it could be prorated to recover the cost immediately.

Senator Close suggested that the language on 38 through 41 of page 2 and lines 13 through 18; page 3 be left with the original language.

Mr. Branch explained to Senator Hernstadt that Nevada's test period is predicated upon a recorded period of 12 months and the expenses have to be experienced. In California the estimated test period is allowed. He stated that he does not know how many states are not allowed the full 100% recovery. He continued that when a piece of equipment that is supposed to last for 20 years only lasts 15 years, it is retired early; there is no depreciation.

Senator Close stated that if equipment lasts beyond the 35 years, the company would apply to the Commission for 4.4 percent depreciation. He stated that nothing would be lost; but the question would be if the depreciation were taken at the first or later on.

Mr. Branch explained to Senator Ashworth that if equipment were usable beyond its depreciation period and the cost had already been recovered there would be no rate base in effect. The plant could still be used but would not be able to be earned upon.

Heber Hardy, Chairman, Public Service Commission, introduced again Janet MacDonald Commissioner, PSC. Ms. MacDonald explained that the PSC does not allow unit changes to depreciation. She stated that if the revenues were to go in the last month of the test period, a loss of revenue would be generated for that company; but the PSC makes no adjustment for setting rates for future revenues.

Ms. MacDonald explained that presently the utility would be allowed one month's depreciation rather than 12 months; but that there would be no changes to the revenue during the test period. She continued that Valmy will create substantial additional revenue to the company and, if adjustments are not made to depreciation, the ratepayers would be paying for the depreciation for the full 12 months rather than one. She continued that in setting rates, the PSC is trying to leave revenue alone and follow the historical period of what actually took place.

Ms. MacDonald agreed with Senator McCorkle that 1/12th depreciation seems reasonable; but disagreed that depreciation should be used during construction, because the plant should be used and useful.

Mr. Hardy explained that the PSC is not allowing Sierra Pacific Power to annualize for one month for a future 12-month period but that this bill would allow annualization.

Senator McCorkle asked the rationale for asking for more depreciation.

Mr. Branch explained that the problem is if the depreciation that is currently allowed occurs in the actual period, and the construction goes beyond the month, by the time the rates are made effective, it's possible to have been in operation up to 12 months.



Mr. Branch explained that as far as the new plant is concerned the PSC would allow a change in the rate of depreciation but, because of the investment, additional depreciation would not be allowed.

Ms. MacDonald explained that if a key employee were added in the last month, his salary would be allowed for only that month.

Chairman Wilson expressed confusion and asked if the Sierra Pacific Power Company is trying to annualize the 12th month of a 12-month period. He asked if they are talking about some device to capture the period during the lag between the end of the 12-month period, coupled with the adjustments for the subsequent six months and the decision date.

Mr. McKibben explained that Sierra Pacific is a big company. The large amount of money being discussed has a tremendous impact on the industry; so that a general rate case is timed so that the rates go into effect as close to the completion of the generating addition as possible. He continued that the magnitude of depreciation at Tracy No. 3 was one of the worst dips ever experienced in earnings and with Valmy the dip could be worse.

In answer to Senator Hernstadt, Ms. MacDonald explained that the shareholders are made whole many years down the line.

Senator Hernstadt asked how security analysts consider the PSC with regard to being consumer-oriented. Ms. MacDonald replied that the PSC is considered neutral.

Chairman Wilson stated that SB 387 is an important piece of legislation and the PSC should have a position; he, therefore, asked Ms. MacDonald to report back to the committee.

Ms. MacDonald stated that she is concerned with the difference between the authorized rate of return that the PSC gives utilities and what they actually earn; there is a gap and she does not know if it is the PSC's policies or the company's mismanagement.

Mr. Hardy explained that the real issue is a break in the historical test period approach. The utility wants the PSC to use the future test period for this particular expense and if this is done the PSC will have to be using a future test period for revenue.

Senator Close stated that annualizing seems to be the problem.

Mr. Hardy answered that the depreciation starts the day the plant goes into service, but now they do not annualize.

Mr. McKibben explained that the prior actual test period is used to build rates for the future, and future rates can only be based on one month.

Chairman Wilson called for a recess at 3:30 p.m.

The meeting reconvened at 3:45 p.m.

Janet MacDonald, PSC Commissioner, stated that the PSC's position is against SB 387 and that there should be hearings where the utility can fully argue for depreciation and the Commission decides. She stated that the Commission has the authority to promulgate by order.

Mr. Hardy stated that the PSC recognizes the utility's position but as written, this legislation would be adverse to the rate-payers.

Chairman Wilson clarified that SB 387 covers two areas; one is annualizing the effect of 12-month depreciation taken in the last month of the test year and annualized over the entire test year; and the other question is the regulatory lag that occurs between the end of the test period and the effective date of any order resulting from the case itself.

Mr. Hardy explained that when the plant went into service and was used and useful, the actual depreciation expense is what was allowed for operating expenses; the bill could include the last month in the next 12 months. He added that the PSC recognizes the lag, but uses what is called yearly rate base as opposed to average rate base.

Chairman Wilson asked if the rate base is the same effect as annualizing.

Mr. Hardy answered that it is not the same effect but it has a tendency to allow the greater rates. He continued that what should be done is at least to come forward to this end of the certification period and, in effect, use this 12-month period of expense and treat it as though it occurred this 12-month period.

Mr. Hardy explained to Chairman Wilson that the certification period, which was authorized by the legislature four years ago, means that the PSC may take into consideration a new investment during a period of six months beyond the end of the test period. But the unit cost does not change and, if the depreciation rate is increased in the last month, the PSC allows that rate to be applied against all of the rate base; so this is, in effect, annualizing rate but not units. He continued that with revenues, the 12th month is not included. In the succeeding six months, all within the test period, the revenues are not increased.

Mr. Branch commented that whether the period is 4 or 5 months, the law provides that the PSC get at least 90 days to make a decision beyond this certified period. Nine months after the test period, if there's one month's depreciation allowed, Sierra Pacific would have accrued 10 months by the time the rates went into effect.

Mr. Hardy explained to Senator Ashworth that rates are determined based on what is called a test period (which is a fiscal year) and based on the operating expenses and revenues for that period.

Chairman Wilson stated that the present system is not satisfactory, and suggested that in a case where it's warranted, a test period could be set beyond the first 12-month period.

Mr. Hardy suggested a possible solution would be to allow a particular item an actual depreciation expense up to and including the last certification period.

Senator Ashworth commented that the problem is that the situation poses 1 project, but there are other projects already in process before the 12-month period is completed. He suggested that the utility could delay a month and get the whole 12 months' credit.

Ms. MacDonald stated that the rate payer will be giving a rate of return. Rates are set on clearing operating expenses, but the utility is entitled to a rate of return for plant used and useful in service. She explained that the rate payer will give 1/12th depreciation, but the utility 10 percent on the full \$35 million plant, even if it was not at full capacity.

Senator Hernstadt stated that the PSC is in a bad position because the rate payers dislike rate increases and the utilities think they will not be able to raise rates because of lack of rate of return. He continued that the real issue is getting quicker relief once the plant is in service.

Mr. Hardy stated that, as in the hearing regarding construction work in progress, there was a departure from previous policy and this problem could be solved the same way.

Chairman Wilson closed the public hearing on Senate Bill 387.

SB 388 Allows department commissioner to conduct public hearings upon direction of public service commission.

Heber Hardy, Chairman, PSC, stated that the PSC is recommending a salary of \$30,000 for a deputy commissioner with broad knowledge of public utility regulations, its philosophy, its policies and current status of major regulatory issues. He explained that the PSC is now being faced with a new national energy policy act and public utility regulatory policy act and will be required to consider 11 major standards; the standards are not mandated but the PSC is required to consider them. He continued that this deputy would make recommendations, coordinate staff efforts, conduct hearings upon occasion, and take care of rule-making under the Commissioner's supervision. He stated that the deputy commissioner would not have decision-making responsibilities, however, but would conduct minor certificate and transportation hearings.

Senator Young stated that there has never been more of time than now that the PSC has needed more qualified help.

Mr. Hardy agreed and explained that the Commission is asking for the upgrading of certain positions but this is the only one

requiring legislation. He continued that deputy attorney generals don't have time for rule-making; this position would be a tremendous improvement. He stated that the PSC would be proposing a rather detailed study of the PSC with possible recommendations for restructuring.

SB 377 Repeals minimum wage law.

Senator Hernstadt, the introducer, along with Senator McCorkle, presented an article regarding the minimum wage for the record. (See Exhibit F.)

Senator Hernstadt handed each committee member a copy of the article also, as well as a copy of a graph published in the Wall Street Journal last February. The graph, showing the effect of unemployment, (particularly on black teen-agers) reached as high as forty percent in 1976. Senator Hernstadt stated the federal minimum wage is now \$2.90, and could possibly be raised to \$3.35 very soon. The state minimum wage is \$2.75. He said that Nevada has regained jurisdiction over this area; the former labor Commissioner had increased the minimum wage to \$2.75 for adults and 2.38 for youth.

A research study Senator Hernstadt conducted two years ago, for previous testimony, indicated that about forty percent of the labor force was affected by that. Since the federal government only has jurisdiction over companies having sales greater than \$250,000 a year, Senator Hernstadt feels his bill would benefit Nevada companies which the State has jurisdiction over (those making \$250,000 or less per year.)

Senator Hernstadt discussed the categories of people affected by his bill: youth, particularly blacks and other minorities; handicapped persons; senior citizens, and people with language barriers. He said the minimum wage prevents the training of these people, because they cannot earn enough for the employer to warrant him paying them the minimum wage.

Senator Hernstadt pointed out that the minimum wage creates an entire class of unemployed people who can't produce enough to warrant their wage. He feels that effects of the minimum wage are responsible for the CETA program which employs most of those employed in the four categories listed above. Senator ~~Hernstadt~~ quoted Milton Friedman, another well-known economist, who has said the basic problem of black unemployment is their lack of a good education. Without the minimum wage law, people with lesser education could work for lower wages, creating an incentive for employers to hire and train them.

In reply to the comment that the youth will never be moved up the pay scale, Senator Hernstadt said that if they were competent workers, other employers would pay them what they were worth on the open job market. He concluded that if removing the wage control was effective at a time when unemployment is low in Nevada, it would be effective at any time.

Senator Young asked if there was any evidence that Mr. Friedman's

theory would increase unemployment for blacks and other minorities. Senator Hernstadt replied that he didn't have a study, but he did not believe that a well-known economist would make a theory without a means of justifying it.

Senator Young commented that many economists disagree on problems of this kind.

Senator Hernstadt said he would like to include in his testimony that there are three minimum wages and many people aren't aware of this fact. He also stated that the federal government used to have jurisdiction over companies making \$500,000 or more, but it was reduced to those making \$250,000 or more.

Senator Young asked if there were instances of minorities being employed before the jurisdiction was lowered to \$250,000.

Senator Hernstadt replied that he didn't have figures on what that change did.

Senator Young said that he realized that not everyone came under the minimum.

Senator Hernstadt stated that everyone in the state is under the minimum wage law whether under federal or State jurisdiction.

Senator Blakemore remarked that it appeared that minimum wage was affecting all teenagers, not just blacks.

Senator Hernstadt replied that he didn't want a racist distinction between black and white teenagers in the statute.

Senator Young inquired if it would be possible to certify the unemployed and allow them to work for less than the minimum wage. Senator Hernstadt said he didn't know if it would be possible.

Senator Young said this would include the law of economic supply and demand; he wondered if they could change the state law to allow for this.

Senator Hernstadt commented that anything was possible at the State level through legislation. He also said that he would rather see the law of supply and demand work in the labor market, than certify unemployed people.

Senator McCorkle stated that minimum wages and price controls were much the same, although opposite. He said price controls create shortages; and the minimum wage creates a surplus of skilled labor. He said the minimum wage is designed to cure the symptoms and not the cause. He continued that the symptom is that people are not able to earn a living wage; the problem is that they don't have a saleable skill. That is why blacks and teenagers are unemployed--they don't have a saleable skill.

Senator McCorkle continued that a minimum wage creates a surplus of people who cannot sell their skills at the minimum wage. He stated that the value of this skill is determined by the market and not the government; a minimum wage has no effect on skill. He concluded that minimum wages tries to deal with the symptoms of the problem but the cause of the problem is that people's skills are not worth the minimum regardless of what the minimum is; the minimum wage is an artificial imposition of government which creates surpluses and shortages.

Richard McNeel, State Labor Commissioner, stated that he is opposed to SB 377. He said that this legislation would allow tips to be used in computation of minimum wage, which is totally wrong. He continued that the bill would repeal jurisdiction of the Nevada Labor Commission to care for Nevadans; the state could not monitor nor audit to ensure that Nevadans are receiving the minimum wage.

Senator Close stated that there are few people working for the minimum wage.

Mr. McNeel explained that people who work in car washes, waitresses, and others who get tips, do work for minimum. He continued that the Commission has 2 compliance investigators doing work provided for under the Minimum Wage Law which can only be enforced up to \$2.75 per hour, anything over that is under the jurisdiction of the federal government. He continued that this bill would not eliminate any staff because of overtime (over 40 hours a week and over 8 hours a day) which his staff audits from time to time; this past week \$8,400 had been collected by a car wash that will be paid back to employees.

Chairman Wilson observed that if this bill were precisely concurrent with the federal law, there would be no need for minimum wage.

Mr. McNeel answered that federal law does not cover overtime past 8 hours in one day; therefore, with the nature of industry in Nevada, people could work many hours in one day and be paid overtime so the Nevada law is better than the federal law.

Senator Young stated that more youths would be employed if paid \$2 per hour. In answer to that, Mr. McNeel stated that when the agency went to a youth wage, it didn't make that much difference because for just a small amount more, an adult could be hired.

Senator Young suggested that young people be certified in order that they could be paid whatever they command. He stated that candidates from all minorities could be certified; this could be tested out to see if it would work.

Mr. McNeel answered Senator Close that most youths employed by fast food chains are paid the adult minimum, which is 15 percent more than the youth wage. Senator Close stated that in previous legislation the 15 percent differential had been introduced and

and since it was nearly the adult wage employers were not inclined to hire youths. Mr. McNeel agreed to report back to Senator Young regarding statistics about the results of the 15 percent reduction. He explained that most youths are now paid at the adult level.

Claude Evans, Executive Secretary-Treasurer, AFL-CIO, testified in opposition to SB 377. He stated there are many more people collecting unemployment than previous indicated, such as cooks, porters, laborers, bus boys and bus girls; and if SB 377 were to pass it would be a sign of regression. Mr. Evans stated that, according to the federal government, \$18 per day which is the minimum wage, is poverty; and if it were lowered the attitude of the people would be to go on welfare. Mr. Evans continued that if unions only cared about union people, this would be a good selling point.

Senator Hernstadt stated that the reason the national unions try to keep increasing the minimum wage is that if they get another 30¢ tacked on the minimum wage, they can go back to the bargaining table and get an additional 50¢ or a dollar on the next contract.

Mr. Evans' answer to Senator McCorkle's question was that this bill would allow a youth to take a job from an adult who has to earn a living. He stated that dishwashers are pretty much the same, and that the quantity of dishes washed by a dishwasher should be considered with the quality. He concluded that dependability should be considered also.

Chairman Wilson closed the public hearing on Senate Bill 377.

SJR 17 Requests U.S. Secretary of Defense and Secretary of the Army to maintain staffing of civil service employees at Hawthorne Army Ammunition Plant.

Senator Blakemore explained that the Army has proposed to go to a contract arrangement rather than retain the civil service concept. He stated that the people living in the area are civil service people who own homes there and would be displaced; some have 18 years in service and are highly specialized and would have to take employment out of the service and lose retirement benefits. He continued that Senator Cannon is trying to do the same thing in Washington, D.C., and Hawthorne and a special Board of County Commissioners supports the legislation.

Senator Hernstadt asked how this legislation would reconcile with the SJR that would make a balanced budget.

Senator Blakemore explained that it would cost more to operate under contract, because civil service people would transfer and equally skilled people would have to be imported.

In response to Senator Hernstadt's question, Senator Blakemore answered that people around the waterfront would not want an ammunition dump, whereas the remoteness of Hawthorne is ideal. He

continued that the depot at Hawthorne was once billed as the largest ammunition depot in the free world in the way of acreage, and has supplied the Pacific Fleet all naval ammunition. He stated that the \$15 million demolition plant that Senator Bible worked so hard for would be negated.

Senator Blakemore explained to Chairman Wilson that leaving things as they are would be very cost effective.

Chairman Wilson closed the public hearing on Senate Joint Resolution 17.

SB 231 Regulates practices of audiology and speech pathology.

For previous testimony on this bill, see minutes of February 21, February 28, and March 7, 1979.

Chairman Wilson explained that there is a question with the language of the bill with regard to the education requirements. Dr. Shipley has stated that a BA degree would require 38 hours of speech pathology and audiology, plus 125 clock hours in practice; this is a national standard.

Senator Close stated that before this amendment is accepted, the equivalent for a BA should be determined; that Frank Daykin should be asked upon what he has based the 20 hours. He agreed to talk to Mr. Daykin and report back to the Committee.

Further action on SB 231 was continued to a later date.

SJR 17 Requests U.S. Secretary of Defense and Secretary of the Army to maintain staffing of civil service employees at Hawthorne Army Ammunition Plant.

Senator Young moved that SJR 17 be passed out of Committee with a "Do Pass recommendation.

Seconded by Senator Ashworth.

Senator McCorkle abstained.

Motion carried.

SB 385 Allows new application by public utility for change of rate that is part of pending application and abolished requirement of posting new or amended schedules at its stations.

Senator Young suggested that the PSC has the regulatory authority now to solve the problem.

Senator Close agreed, but stated that the regulations must comply with the statutes.



Chairman Wilson referred to the suggested amendments as follows: Page 1, line 20, "A public utility may set forth justification for rate increase items of expense or rate base which are the subject of pending litigation or which have been considered to disallow . . ."; page 2, line 1, "only if those items are clearly and separately identified in the applications and supporting schedules." He continued that the Commission recommended retaining paragraph 3, which the bill would strike, paragraph 5, which the bill would strike. Chairman Wilson suggested that page 2, paragraph 5 could be amended to state "within 30 days after discovery of noncompliance".

It was agreed that the burden of justification would be with the power company.

Chairman Wilson explained that the burden is with the power company but, as Commissioner MacDonald stated, the information is sometimes hidden.

Senator Close suggested language that read "only if those items are clearly and separately identified as such and the supporting schedules" be added.

Discussion followed regarding filing and disclosure. The point was made that it is possible that the PSC could go six months and then come up with dismissal on some type of technicality; but that if a decision is made by the PSC, and an unallowable expense has been hidden by the utility, that would be flagrant disregard of the rules. It was decided that the PSC should promulgate rules and regulations so that the utility would know exactly where it is, and exactly what it has to do and how it is to do it with regard to application, and the Committee would write a letter requesting this.

Senator Blakemore moved that SB 385 be passed out of Committee with an "Amend and Do Pass" recommendation.

Seconded by Senator Ashworth.

Motion carried unanimously.

SB 386 Exempts additions to existing public utility for change of rate that is part of pending applications and abolished requirement of posting new or amended schedules at its stations.

Discussion followed as to whether the bill should be processed.

Senator McCorkle explained that line 10 of page 1 should be deleted, as suggested by Mr. Hardy, because by keeping it out, the PSC can judge need on the addition of a new line next to one that already exists, and need has nothing to do with environmental impact; additions to existing facilities can be included as long as the Commission is protected with language that allows it to judge need.

Senator Blakemore stated that he feels that lines 22 and 23 of page 1 should be left in.

(SB 386 - bill action continued)

Senator Close moved that SB 386 be amended by deleting all of the bill except lines 14 through 17 of page 1.

Seconded by Senator Young.

Motion carried unanimously.

Further discussion followed as to whether to include language on line 10, page 2, and lines 21, 22 and 23 on page 1. The decision was to exclude them.

Senator Blakemore moved that SB 386 be passed out of Committee with an "Amend and Do Pass" recommendation.

Seconded by Senator Young.

Motion carried unanimously.

SB 387 Changes certain procedures required of public utilities for increased rates and use of deferred accounting.

Action on SB 387 was deferred to a later date.

SB 388 Allows deputy commissioner to conduct public hearings upon direction of public service commission of Nevada.

Senator Young moved that SB 388 be passed out of Committee with a "Do Pass" and be re-referred to Senate Finance Committee.

Seconded by Senator Blakemore.

Motion carried unanimously.

SB 358 Relates to medical care; requiring consent of hospital patient before a consulting or additional physician is engaged by his primary physician.

Action on Senate Bill 358 was deferred to a later date.

SB 377 Repeals minimum wage law.

Action on Senate Bill 377 was deferred to a later date.

BDR 23-1477 \* Removes limit on salaries of auditors and engineers in public service commission

\* SB 417

(BDR 23-1411 - action continued)

Senator Blakemore moved for Committee introduction.

Seconded by Senator Ashworth.

Motion carried.

BDR 18-2013 \*

Relates to compulsory attendance of witnesses before agencies of the state executive department; establishing a uniform procedure for the issuance and enforcement of subpoenas.

Senator Young moved for Committee introduction.

Seconded by Senator Ashworth.

Motion carried.

Meeting adjourned at 5:30 p.m.

Respectfully submitted,

\_\_\_\_\_  
Betty Kalicki, Secretary

APPROVED:

\_\_\_\_\_  
Thomas R.C. Wilson, Chairman

\*SB 418



TESTIMONY OF H. JOE McKIBBEN, VICE PRESIDENT  
FINANCE AND ACCOUNTING, SIERRA PACIFIC POWER COMPANY  
IN SUPPORT OF S. B. 385

Paragraph 3 of Section 1 of NRS 704.100 contains a permanency that, when strictly interpreted, could result in a utility being prohibited from earning on plant which is being used to serve its customers. The following is an example.

In 1973, the Nevada Public Service Commission eliminated Sierra's liquid propane gas plant facilities in Reno from Sierra's earnings base because the need for these facilities had been replaced by natural gas serving the area. This decision was litigated, and the Commission was upheld. It now appears that these facilities will have to be reactivated to serve our gas customers. This statute prohibits Sierra from introducing new evidence and including the plant in our rate base.

As this statute exists today, there is no opportunity for the utility to offer new evidence on any expense or rate base items which are in litigation or have been previously disallowed by the Commission or the Courts.

An extreme example of this present statute's effect on utilities comes about if the Commission were to deny a rate request in its entirety. The utility could not risk taking the decision to court where final court action may take some two years or more, and during this period the utility could not re-file with the Nevada Public Service Commission a rate case which includes any of the items involved with the pending litigation. Should this example become a reality, the utility could be placed in a position of severe financial deterioration which is costly to the utility and its customers.

Under this proposed legislation, Sierra would file future rate cases by handling any items, which had been previously disallowed by the Commission or the Courts, as special items so the Commission would clearly recognize them as such. Testimony would be provided to justify why we felt the items should be included, and then it would be up to the Commission to allow or disallow the Company's request.

I strongly urge you to pass S. B. 385.



TESTIMONY OF GARY M. SOULE', SENIOR VICE PRESIDENT  
SIERRA PACIFIC POWER COMPANY  
IN SUPPORT OF S.B. 386

This Bill, as you know, provides certain modifications to NRS 704.840, 860 and 865 which are a part of the Utility Environmental Protection Act, NRS 704.820 to 704.900 inclusive. The purpose of these modifications is essentially to help reduce costs, time and the administrative burden upon the Public Service Commission, other state agencies and the utility companies of reviewing relatively minor utility additions. The ultimate cost of which is paid by the tax payers and the utility customers.

NRS 704.825, "Declaration of Legislative Findings and Purpose," recognizes in Paragraph 1a that construction of new facilities will be required and that they cannot be built without effecting the physical environment where such facilities are located. Paragraph 1b also refers to the protection of the environment relative to the construction of new facilities. Paragraph 1c outlines the need to review the location of such facilities.

We agree with the need for environmental review of new facilities and their location. However, the existing law has been interpreted to also require a complete review process for additions to existing utility facilities as well. The proposed modification to 704.840 would clarify that additions to existing facilities, that is facilities already constructed, would not require permitting under this act. We would, however, recommend that Line 10 be reworded from "additions to existing plants" to "additions to existing utility facilities" thus using a term defined within the Act.

Again referring to NRS 704.825, "Declaration of Legislative Findings and Purpose," Paragraph 1d refers to the need to have adequate opportunity for all interested parties to participate in a review of the location and construction of major facilities. We believe this recognizes that efforts and costs should be concentrated on a review of major facilities at new locations and not necessarily on minor additions to existing operating utility plant.

The proposed modifications to NRS 704.860 would help reduce the need for costly and time consuming reviews and permitting processes for minor utility additions. The proposed change on Line 13 will insure review of all generating units whether they are associated with new plants or are additions to existing plants. There are many environmental aspects associated with generating units and we concur that unit additions to existing plants should also require review and permitting. We believe this modification on Line 13 will insure that all electric generating units, whether they are additions to existing plants or not, will require permitting under the procedures of the utility environmental protection act.



The proposed changes on Lines 14, 15 and 16 will insure the review of significant facilities which an electric utility will construct and remove the necessity to review the more minor types of additions. The proposed changes to NRS 704.865 included on Lines 17, 18 and 19 will help to eliminate the need for multiple permit hearings on the same facility addition as long as all requirements of the utility environmental protection act are complied with in a proceeding.

Thank you for the opportunity to present our views. We believe the proposed legislation will help to reduce the cost and time of reviewing the more minor utility additions and allow money and efforts to be concentrated on the more significant proposed utility facilities.

Thank you.

Box 164

Las Vegas, Nev

March 24, 1979

Dear Senator,

- and how we need a bill  
or rather: law like you are trying  
to go thru.

Recently I was admitted to a  
local hospital after being discharged  
from a prostate operation (Jan 29<sup>th</sup>)  
It seems I developed a high fever  
and was unable to walk over  
3 steps without falling down.

I saw a Neurologist said my dx  
and you need a medical dx so  
I'll get you dx - so and so.  
Next day in came an internal

<sup>2-</sup>  
 medicine man, then came  
 a parade of experts from 3  
 different fields of medicine, even  
 a surgeon but none of them  
 could find the cure for the 105°  
 fever that hit me at 9 PM sharp  
 today night for 21 consecutive  
 days in a row. They would ice-  
 pack me for hours until it went  
 down to normal usually about  
 2 hours. In the meantime each of  
 these 5 Drs. would have me x-rayed  
 and the result was a \$16,000  
 hospital bill plus the Drs. fees  
 that have not stopped coming  
 in. I am 77 and could



by medicine but <sup>3</sup> Medical does  
 not cover it all, nor does it  
 cover bills for consultations  
 that hit over 100 each. I asked  
 for none but one of them, the  
 rest just come.

32 days later I was let out, the  
 hospital and still on anti-biotics  
 pills. I also needed a BOWIE, SKIN  
 or CANCER DR when all that  
 was wrong with me was that  
 I had a fever.

In conclusion beg to say I got  
 all the facts and figures stated  
 above in this letter. Yes, Senator,  
 you do need a bill like you say  
 Samuel Sulman

TESTIMONY OF WILLIAM C. BRANCH, TREASURER,  
SIERRA PACIFIC POWER COMPANY  
IN SUPPORT OF S. B. 387

In 1975, the Nevada legislature made changes to NRS 704.110 which requires the Public Service Commission in setting rates to consider increased investment, certain expenses and costs of new securities which are known and measurable with reasonable accuracy at the time of filing, and which will become effective within six months after the last month of the actual 12-months results of operation. The result of that legislation has been a strengthening of the financial standing of the major utilities in the State.

There are, however, two items that we feel require further clarification so that the intent of the original statute can be preserved.

- (1) Depreciation expense, or capital recovery, is a major cost component in the over-all cost to serve our utility customers. Based on current Commission practice, there is a substantial lag between the actual recording of such expense and recovery from our customers. I have prepared Exhibit I, attached to illustrate such lag.

The bottom line as far as Exhibit I is concerned is as follows:

- (a) Recovery of actual depreciation expense for Tracy #3 experienced in 1975 is not fully reflected in Sierra Pacific's electric rates until March 1977, or fifteen months after the fact.
- (b) The total investment in Tracy #3 cannot be fully recovered over the life of the facility because of the above-mentioned lag. In fact, approximately 4.4% of this investment, or about \$1.0 million will remain unrecovered at the end of the estimated service life.

The impact on Sierra Pacific's future investment recovery will even be greater. For example, Valmy #1 and #2 will each cost  $3\frac{1}{2}$  times the investment in Tracy #3.

The proposed amendment to NRS 704.110(3) (lines 9 and 10, page 2) will alleviate the above-mentioned problem.

- (2) Another modification we feel necessary is shown on line 11, page 2. This change will enable the Company to reflect in its cost of capital reductions or retirements in securities as well as new securities.

I urge this Committee to pass proposed S. B. 387.

RECOVERY OF NEVADA JURISDICTIONAL DEPRECIATION COSTS  
APPLICABLE TO TRACY GENERATING STATION UNIT #3

Line No.	(1) Depreciation Per Books	(2) Recovery Through Rate Increases Made Effective as Follows:		(4) Total Recovery	Line No.
		6/3/76(b)	3/14/77(c)		
1	Annual Charge or Recovery - 1975	\$ 573,000(a)	-0-	-0-	1
2					2
3	Cumulative @ 12/31/75	573,000	-0-	-0-	3
4					4
5	Annual Charge or Recovery - 1976	573,000	\$ 223,000	-0-	5
6					6
7	Cumulative @ 12/31/76	1,146,000	223,000	\$ 223,000	7
8					8
9	Annual Charge or Recovery - 1977	573,000	382,000	\$ 159,000	9
10					10
11	Cumulative @ 12/31/77	1,719,000	605,000	159,000	11
12					12
13	Annual Charge or Recovery - 1978	573,000	382,000	191,000	13
14					14
15	Cumulative @ 12/31/78	2,292,000	987,000	350,000	15
16					16
17	Annual Charges - Remaining Years	19,245,000	14,434,000	4,811,000	17
18					18
19	Cumulative - End of Service Life	\$21,537,000(d)	\$15,421,000	\$5,161,000	19
20					20
21	% of Total Investment	100.0%		95.6%	21
22					22
23					23
24	Notes:				24
25	(a) Nevada jurisdictional portion of annual depreciation charge (\$735,000 x 78%).				25
26	(b) Docket No. 574 (rates effective 6/3/76).				26
27	(c) Docket No. 906 (rates effective 3/14/77).				27
28	(d) Nevada jurisdictional portion of plant balance at 12/31/74 (\$27,611,000 x 78%).				28

760

EXHIBIT I

Estimated and Subsequently Experienced Adjustments which  
may be Certified Up to Six Months Beyond the Test Period  
Pursuant to NRS 704.110(3)\*

- (1) CAPITAL STRUCTURE                      The costs of new securities as defined in NRS 704.322 and the associated interest expense as an adjustment to Federal Income Tax calculation.
- (2) RATE BASE                                      Adjustments reflecting increased investments in facilities used and useful in utility operations and the deduction of the identical amount of increase from CWIP as a factor in allocating interest cost between departments.
- (3) EXPENSES
- (a) FUEL COSTS  
(Including Purchased Power)                      KW's of Demand when such are computed on a ratchet clause basis.  
  
Adjustment for changed unit cost factors for power and fuel plus resulting sales tax and unit cost charges for freight applied to the test period units.
- (b) LABOR COSTS                                      Adjustment for per unit rate change and associated labor costs, pensions, benefits and taxes when such taxes are a direct result of per unit rate change of labor costs.
- (c) RESEARCH & DEVELOPMENT COSTS                      When due to a unit rate change.
- (d) PROPERTY TAXES                                      When due to a unit rate change.
- (e) DEPRECIATION                                      When due to a unit rate change which has previously been approved in writing by the Commission.
- (f) INSURANCE    When based on a unit rate change or, if directly associated with revenue or labor cost increases as per above.
- (g) POSTAGE    When due to a unit rate change.

\* Each adjustment should also include an appropriate Federal Income Tax calculation.

Note: A unit is the quantitative measurement of an item, or level of use, consumption or effort. Unit cost is that cost which when multiplied by the number of units within a given time period results in the aggregate dollar amount applicable to that period. Unit rate is that rate which when multiplied by the number of units within a given time period results in the aggregate dollar amount applicable to that period.

$$\text{Number of Units} \times \text{Unit Cost (Rate)} = \text{TOTAL COST}$$

December 17, 1978—Las Vegas Review-Journal—9K



# Louis Rukeyser

## Minimum wage cuts job market

NEW YORK—Ronald Waltenspiel has a dried-fruit business in the beautiful country north of San Francisco. He is a kind man, and in the social fabric a useful one—because each summer, he hires many high-school and college kids to work in the cutting and drying of fruit.

Given the nation's perennial problem of teen-aged unemployment, this is a contribution of considerable economic value.

But Waltenspiel is troubled right now, not about figs but about lemons—lemons in the law. Every time Congress raises the minimum wage rate, he reports, it becomes a little more difficult for him to provide those jobs. "Each time wages go up," he told me, "it becomes more economical to buy a machine to replace some of the people."

Waltenspiel's dilemma—which he must either solve or go out of business—is worth remembering as we draw closer to January 1, 1979, when our national legislators in their wisdom will once again put many young people out of work and keep many more from ever finding jobs.

In some areas of the economy, more machines will be sold, in others, economic contraction will simply replace economic growth. And all in the name of being liberal, progressive and humane—or so we think.

What will happen January 1, of course, is still another in the totally counterproductive series of increases in the nation's minimum-wage rate. Not only do we continue to defy the objective evidence that this policy is monstrously inhumane, but we refuse even to provide a separate, lower rate for young people anxious to put their foot on the first step of the ladder to the American dream.

It is commonplace to denounce economists these days, and not wholly without reason, but here is one case where their legendary inability to agree among persuasion in other matters, now agrees that the minimum-wage laws are classic cases of a theoretical good producing a highly practical evil. Indeed, two of President Carter's top economic appointees, Treasury Secretary Michael Blumenthal and Federal Reserve Board Chairman G. William Miller, have publicly

urged that the January 1 increase from \$2.65 to \$2.90 an hour be at least postponed. And when I asked Carter's chief economic adviser, Charles Schultze, why the President had not included that proposal in his "anti-inflation" program, I got a tortured response that translated into one reality—George Meany wanted the increase.

Meany's minions, it should be pointed out, work for very much more than the minimum wage, so the AFL-CIO's interest in this subject is plainly less humanitarian than he vehemently maintains. Indeed, the reality is that the chief function of the minimum-wage laws is to assure the perpetuation of labor shortages in many areas—at the expense of those human beings who could fill these shortages.

We get away with legislative abominations like this in the U.S. because the average person is not fully apprised of what's going on. We still hear the silly suggestion that those who oppose minimum-wage legislation are in favor of starvation wages—an obvious confusion between the minimum-wage rate set by Congress and the actual wage received. For if the rate is set artificially high, as it has been lately, the actual wage received by many Americans mandatorily becomes zero dollars an hour. Because they can't find work.

We have already exacerbated this problem by taking last year's \$2.30 an hour to this year's \$2.65. Now we plan to take the minimum up to \$2.90 and eventually \$3.35. As the distinguished (and certifiably liberal) black economist, Andrew Brimmer, has pointed out, the practical effect weights particularly cruelly on the young and the black. If we don't cancel next year's further step-up, we will add to the pressures on prices and we will add to unemployment, but we won't help a single human being.

If President Carter is serious about rethinking the inflationary errors of his first two years, here—as rancher Waltenspiel might put it—would be a mighty fruitful place to start.



Tracking a Trend

# Through Good Times and Bad, Joblessness Among Young Blacks Keeps Right On Rising

By ALFRED L. MALABRE JR.

Staff Reporter of THE WALL STREET JOURNAL

Amid America's prosperity, a depression is in progress.

General business activity is at a record level. The economy spawns more jobs than ever before. Yet, consider the message carried in the adjoining chart:

The rate of joblessness among black teen-agers, climbing with little interruption through a quarter of a century, now is close to four in 10. It's far higher than the country's overall unemployment rate—of one in four—at the pit of the Great Depression of the 1930s. The table traces, by population group, the unemployment story since 1954.

	1954	1978
Black teen-agers	16.5%	36.3%
White teen-agers	12.1	13.9
All blacks	9.9	11.9
Black adult females	8.5	18.6
Black adult males	9.9	8.6
White adult females	5.1	5.2
All whites	5.0	5.2
White adult males	4.4	3.7

Joblessness among black teen-agers has soared, but unemployment among white teen-agers, as well as among blacks generally, has risen only moderately since 1954. Jobless levels actually are down in two categories—black adult males and white adult males.

### No Improvement Since the Slump

Black teen-age unemployment last year, though very slightly under the 1977 level, was precisely as high as in 1975, when the last recession hit bottom, and about four percentage points higher than in 1974, a year of deepening recession. Since 1974, the rate for white teen-agers has inched down. Since 1975, the jobless rate for every other group in the table has fallen. The rate for black men has dropped from 11.7% to 8.6%.

Official estimates of black teen-age unemployment, moreover, may seriously understate the situation. The published figures overwhelmingly represent black teen-agers but also encompass other nonwhites whose jobless levels tend to be lower. In addition, it's widely agreed that so-called hidden unemployment—joblessness not picked up in surveys—is particularly prevalent among black youths.

The unemployment rate for black teen-agers is "really 50%" or more, maintains Vernon E. Jordan Jr., president of the National Urban League, a social-services group serving mainly low-income blacks. Whatever the true rate for black youths, Mr. Jordan sees their predicament as a major reason that "black America today verges on the brink of a disaster."

Why have young blacks, through times of economic growth as well as in recessions, fared so badly in the labor market?

### Blacks Are Here, Jobs Are There

Analysts who monitor the broad, national picture offer various explanations. Governmental jobs programs don't focus enough on inner-city neighborhoods where black teen-agers predominate. New jobs keep emerging farther from inner-city areas. Increases in the minimum wage particularly hurt young blacks seeking work. Other factors range from inadequate educational facilities to job-interview difficulties.

Interviews with black teen-agers, as well as employers and social workers dealing directly with them, were recently conducted in Florida's Dade County. They tend to corroborate the generalizations. An effort was made to canvass the same black, low-income neighborhoods covered in a report on teen-age joblessness that appeared in this paper on Feb. 9, 1977.

Unemployment among young blacks has long been a major problem in Dade County. The 1977 survey found that some 40% of youths in the neighborhoods visited were looking unsuccessfully for work. No comparable head count was taken now, but the interviews do suggest that 40% would likely be too low a figure today.

### A Tale of Two Centers

Dissatisfaction with jobs programs is apparent in the remarks of Odessa Hill, a black who heads a team of eight social

workers at an "action center" aimed at finding work for jobless teen-agers in a poverty-ridden neighborhood just north of Miami. Her staff will probably have to be reduced in coming months, she complains, because governmental funds for her center were recently trimmed. Funds for another such center in a somewhat more prosperous neighborhood, she notes, were recently increased.

George D. Sarol, director of the second center, attributes the increase in support—from \$104,000 yearly to \$136,000—to "our good record at finding jobs for the young people who come here." The center trains teen-agers in draftsmanship. A recent graduate of the five-month course now earns \$5.50 an hour in the design department of Burger King Corp. in Miami. About three dozen youths apply for the 14 openings that come up at the start of each course, Mr. Sarol says. Selection is on the basis of aptitude tests.

These young people, however, are mainly white and generally are from homes where at least one parent holds a full-time job. In contrast, every youth interviewed at Miss Hill's center recently was black and frequently from a home on welfare. Reasonably typical is Reggie Bernard, who reports that he has been "looking for a year and a half" without success. The high-school dropout says that there are "just no jobs around" for him.

A worsening problem for many Dade County teen-agers is the inaccessibility of new jobs. "We get calls about job openings where the position would take hours for the kids to reach and get home," says Miss Hill. One youth willing to spend some three hours daily getting to and from his job is Andre Delaney. The 18-year-old black lives in northwestern Miami and works—five hours a night, at \$3.50 an hour—in a large hotel south of the city. During the day, he is enrolled at a high school near his home.

### A Maximum Problem

The minimum wage presents difficulties. As it has risen—from \$2.30 an hour in 1976 to \$2.90 now—some jobs once open to young Dade County blacks have either dried up or been grabbed by older, more capable persons deciding to enter the labor force.

Among those interviewed in February 1977 was John Manley, owner of a restaurant in a poor, black district in southern Miami. At that time, he employed three teen-agers, at about the hourly minimum of \$2.30. He warned, however, that at least "two would have to go" if the minimum were raised appreciably. A return visit finds no teen-agers now employed there. Ota M. Lester, Mr. Manley's mother-in-law, helps him in the kitchen and her sister works at the counter. "We work for free," Mrs. Lester says. "John couldn't afford to keep the kids on any longer."

Rich Robinson, a personnel director at Miami-based Burger King, reports that the age of people going to work for the fast-food chain has been rising, along with the minimum wage. The average age of employees in the chain's restaurants has climbed, he estimates, from "about 17 years a couple of years ago to close to 20 now." To offset increasing wage rates, he adds, "we're combining some jobs, such as having cashiers also handle soft drinks."

Some teen-agers in Dade County, it should be added, report that they would be willing to work for substantially less than the minimum wage, if they could only land a job. Gwen Williams, a 16-year-old black, says: "I would work for \$2 an hour just to get some experience." She is looking for a clerical job but says that "the chances seem very slim in this area." She says that she can type close to 40 words a minute.

### Boredom, Dropouts, Drugs

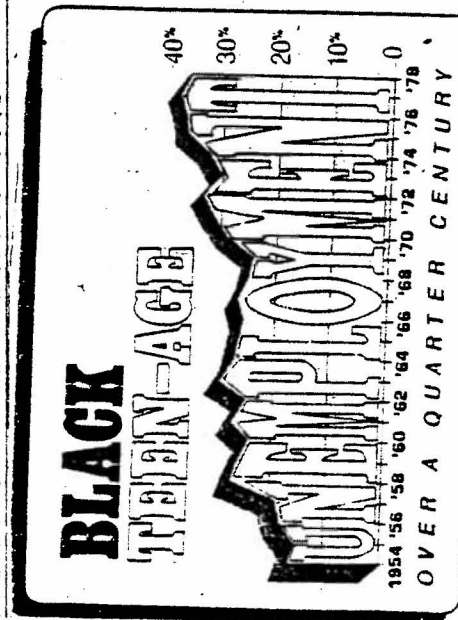
Poor-quality education is often mentioned as a factor in the county's teen-age job problem. Reggie Bernard says the high school he quit "wasn't worth finishing." Bobby Valentin, 16, says that his teachers "are so bad I fall asleep all the time." Classes now average about 35 students per teacher, he says, up from a ratio of 25-to-one last year. Then, he recalls, "school was more interesting." So far this year, he reports, 69 youths in his age group have dropped out of his school. Drug use among the students, he adds, is widespread.

A special problem faces black teen-agers in Dade County. The area also has a large population of Cuban youths who speak Spanish as well as English. "The first question they ask you in a job interview," says Eric Lowery, a black 17-year-old, "is: Are you bilingual?" Eric's job—working weekends as a cook's helper in a restaurant—fortu-

nately doesn't require a knowledge of Spanish. The high school he attends offers a Spanish course, he says, but few blacks take it.

Many young blacks seem at a disadvantage during job interviews. "The schools don't teach these kids how to handle themselves and give a good appearance when they're trying to get a job," says Cornell Hills, a black law student at the University of Miami who also does social work for Dade County. The problem is indicated in a remark of Rich Robinson of Burger King: "We look for the all-American boy look when we interview a teen-ager for a job."

Reggie Bernard wouldn't pass muster. He wears a wool cap, indoors as well as out, and under it his hair hangs down in long, braided locks.



(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

S. B. 385

SENATE BILL NO. 385—COMMITTEE ON  
COMMERCE AND LABOR

MARCH 27, 1979

Referred to Committee on Commerce and Labor

**SUMMARY**—Allows new application by public utility for change of rate that is part of pending application and abolishes requirement of posting new or amended schedules at its stations. (BDR 58-1545)

**FISCAL NOTE:** Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.

**EXPLANATION**—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to certain public utilities; revising provisions restricting consideration of applications for change of rate under certain circumstances; abolishing the requirement of posting new or amended schedules in their stations; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly,  
do enact as follows:*

- 1 SECTION 1. NRS 704.100 is hereby amended to read as follows:  
2 704.100 1. No changes [shall] *may* be made in any schedule,  
3 including schedules of joint rates, or in the rules and regulations affecting  
4 any [and all] rates or charges, except upon 30 days' notice to the com-  
5 mission, and all [such changes shall] *changes must* be plainly indicated,  
6 or by filing new schedules in lieu thereof 30 days [prior to] *before* the  
7 time [the same] *they* are to take effect. The commission, upon applica-  
8 tion of any public utility, may prescribe a less time within which a reduc-  
9 tion may be made.  
10 2. Copies of all new or amended schedules [shall] *must* be filed and  
11 posted in the [stations and] offices of public utilities as in the case of  
12 original schedules.  
13 3. Except as provided in subsection 4, the commission shall not  
14 consider an application by a public utility if the justification for the new  
15 schedule includes any items of expense or rate base which are set forth  
16 as justification in a pending application, are the subject of pending litiga-  
17 tion [.] *or judicial review*, or have been considered and disallowed by  
18 the commission or a district court.  
19 4. A public utility may set forth as justification for a rate increase  
20 items of expense or rate base which *are the subject of pending litigation*  
21 *or judicial review or which* have been considered and disallowed by the

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

S. B. 386

SENATE BILL NO. 386—COMMITTEE ON  
COMMERCE AND LABOR

MARCH 27, 1979

Referred to Committee on Commerce and Labor

SUMMARY—Exempts additions to existing public utility plants from certain environmental requirements. (BDR 58-1546)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to public utility regulation; limiting what is considered a utility facility for purposes of the Utility Environmental Protection Act; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. NRS 704.860 is hereby amended to read as follows:
- 2 704.860 "Utility facility" means:
- 3 1. Electric generating plants and their associated facilities;
- 4 2. Electric transmission lines and [their associated facilities of a
- 5 designed capacity of 60 kilovolts] *transmission substations designed to*
- 6 *operate at 200 kilovolts or more, and-not [subject to undergrounding*
- 7 *by local ordinances] required by local ordinance to be placed under-*
- 8 *ground* when constructed outside any incorporated city;
- 9 3. Gas transmission lines, storage plants, compressor stations and
- 10 their associated facilities when constructed outside any incorporated
- 11 city;
- 12 4. Telephone, telegraph and CATV equipment buildings, their
- 13 associated facilities and the sites thereof [;], *when constructed outside*
- 14 *any incorporated city;*
- 15 5. Water storage and transmission facilities; and
- 16 6. Sewer transmission and treatment facilities.



SENATE BILL NO. 358—SENATOR FAISS

MARCH 22, 1979

Referred to Committee on Commerce and Labor

SUMMARY—Requires consent of patient before primary physician may engage any consulting or additional physician for patient's treatment. (BDR 54-1194)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to medical care; requiring consent of a hospital patient before a consulting or additional physician is engaged by his primary physician, except in certain circumstances; requiring that the additional physician's billing be made through the primary physician; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. Chapter 630 of NRS is hereby amended by adding  
2 thereto a new section which shall read as follows:  
3 1. *Any physician who is primarily responsible for the care and treat-*  
4 *ment of a patient in a hospital shall, before securing the additional*  
5 *services for compensation of another physician as a consultant or to*  
6 *assist in the care and treatment, obtain the consent of the patient, a*  
7 *parent or legal guardian of the patient, or other person responsible for*  
8 *the debts of the patient, except as otherwise provided in subsection 3.*  
9 2. *The consent must be on a printed form, filled in with an explana-*  
10 *tion in general terms of the need for securing the additional services, and*  
11 *the approximate fees which are likely to be charged for those services. The*  
12 *form must be signed by the patient or other authorized person.*  
13 3. *A physician who is treating a patient need not obtain the consent*  
14 *required by subsection 1 if:*  
15 (a) *Obtaining the consent would delay treatment necessary to the*  
16 *patient's life or endanger the patient's health.*  
17 (b) *The patient is unable to consent and a person authorized to con-*  
18 *sent is not reasonably available.*  
19 4. *Whenever a physician provides such additional services, he must*  
20 *present the bill for his fee directly to the primary physician, who shall*  
21 *cumulate all fees for such additional services and present a single bill*  
22 *to the patient.*

(REPRINTED WITH ADOPTED AMENDMENTS)  
FIRST REPRINT

S. B. 387

SENATE BILL NO. 387—COMMITTEE ON  
COMMERCE AND LABOR

MARCH 27, 1979

Referred to Committee on Commerce and Labor

SUMMARY—Changes certain procedures required of public utilities for increased rates and use of deferred accounting. (BDR 58-1544)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to public utilities regulation; changing certain procedures required for an increase in rates and for the use of deferred accounting; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. NRS 704.110 is hereby amended to read as follows:  
2 704.110 1. Whenever there is filed with the commission any sched-  
3 ular stating a new or revised individual or joint rate, fare or charge, or  
4 any new or revised individual or joint regulation or practice affecting  
5 any rate, fare or charge, or any schedule resulting in a discontinuance,  
6 modification or restriction of service, the commission may, either upon  
7 complaint or upon its own motion without complaint, at once, and if it so  
8 orders, without answer or formal pleading by the interested utility, [or  
9 utilities,] enter upon an investigation or, upon reasonable notice, enter  
10 upon a hearing concerning the propriety of [such] *the* rate, fare, charge,  
11 classification, regulation, discontinuance, modification, restriction or  
12 practice.  
13 2. Pending the investigation or hearing and the decision thereon,  
14 the commission, upon delivering to the utility [or utilities] affected  
15 thereby a statement in writing of its reasons for the suspension, may  
16 suspend the operation of [such] *the* schedule and defer the use of the  
17 rate, fare, charge, classification, regulation, discontinuance, modification,  
18 restriction or practice, but not for a longer period than 150 days beyond  
19 the time when the rate, fare, charge, classification, regulation, discon-  
20 tinuance, modification, restriction or practice would otherwise go into  
21 effect.  
22 3. Whenever there is filed with the commission any schedule stat-  
23 ing an increased individual or joint rate, fare or charge for service or

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 388

SENATE BILL NO. 388—COMMITTEE ON  
COMMERCE AND LABOR

MARCH 27, 1979

Referred to Committee on Commerce and Labor

SUMMARY—Allows deputy commissioner to conduct public hearings upon direction of public service commission of Nevada. (BDR 58-1534)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: Yes.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to the public service commission of Nevada: allowing the deputy commissioner to conduct certain public hearings upon direction of the commission; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. NRS 703.110 is hereby amended to read as follows:  
2 703.110 1. The majority of the commissioners [shall] have full  
3 power to act in all matters within their jurisdiction.  
4 2. If two commissioners are disqualified or if there are two vacancies  
5 within the commission, the remaining commissioner shall exercise all the  
6 powers of the commission.  
7 3. Public hearings [shall] *must* be conducted by one or more com-  
8 missioners or, when the commission so directs, by the [secretary] *deputy*  
9 *commissioner, except as provided in this subsection, or an administrative*  
10 *assistant. The deputy commissioner shall not hear cases involving a*  
11 *change of rates.*  
12 SEC. 2. NRS 703.130 is hereby amended to read as follows:  
13 703.130 1. *The commission shall appoint a deputy commissioner*  
14 *who shall serve in the unclassified service of the state.*  
15 2. The commission shall appoint a secretary who shall perform such  
16 administrative and other duties as are prescribed by the commission. The  
17 commission shall also appoint an assistant secretary.  
18 [2.] 3. The commission may employ such other clerks, experts or  
19 engineers as may be necessary. Employees in the unclassified service of  
20 the state shall receive annual salaries in amounts determined pursuant to  
21 the provisions of NRS 284.182.  
22 [3.] 4. The compensation of the secretary and other employees  
23 shall be fixed in accordance with the provisions of chapter 284 of NRS.

SENATE BILL NO. 377—SENATORS HERNSTADT  
AND McCORKLE

MARCH 26, 1979

Referred to Committee on Commerce and Labor

SUMMARY—Repeals minimum wage laws. (BDR 53-1128)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to labor; repealing the requirements for minimum wages; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. NRS 444.300 is hereby amended to read as follows:  
2 444.300 Any person employed by a children's camp on a written con-  
3 tract basis for a specified term longer than 1 week is exempt from the  
4 provisions of [NRS 608.250 to 608.290, inclusive, and] chapter 609 of  
5 NRS relating to daily and weekly hours of labor only if [such] the camp  
6 is operated by a nonprofit organization which is exempt from federal  
7 income tax under I.R.C. § 501.
- 8 SEC. 2. NRS 607.205 is hereby amended to read as follows:  
9 607.205 In aid of his enforcement responsibilities under the labor  
10 laws of the State of Nevada, including but not limited to NRS 338.030,  
11 607.160, 607.170 [ , 608.270] and chapter 611 of NRS, the labor com-  
12 missioner or a person designated from the commissioner's regular staff  
13 may conduct hearings and issue decisions thereon in the manner pro-  
14 vided by NRS 607.207.
- 15 SEC. 3. NRS 608.018 is hereby amended to read as follows:  
16 608.018 1. Except as provided in subsection 2, an employer shall  
17 pay time and one-half of an employee's regular wage rate whenever an  
18 employee works:  
19 (a) More than 40 hours in any scheduled workweek;  
20 (b) More than 8 hours in any workday unless by mutual agreement  
21 the employee works a scheduled 10 hours per day for 4 calendar days  
22 within any scheduled workweek.
- 23 2. The provisions of subsection 1 do not apply to:  
24 (a) [Employees who are not covered by the minimum wage provisions  
25 of NRS 608.250;

SENATE JOINT RESOLUTION NO. 17—COMMITTEE ON  
COMMERCE AND LABOR

MARCH 28, 1979

Referred to Committee on Commerce and Labor

**SUMMARY**—Requests United States Secretary of Defense and Secretary of the Army to maintain staffing of civil service employees at Hawthorne Army Ammunition Plant. (BDR 1949)

**EXPLANATION**—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

**SENATE JOINT RESOLUTION**—Requesting the United States Secretary of Defense and Secretary of the Army to maintain the staffing of civil service employees at the Hawthorne Army Ammunition Plant.

1 WHEREAS, The United States Naval Ammunition Depot at Hawthorne,  
2 Nevada, was commissioned on September 15, 1930, as the United States  
3 Naval Ammunition Depot; and on October 1, 1977, the depot was trans-  
4 ferred to the Department of the Army and became the Hawthorne Army  
5 Ammunition Plant; and

6 WHEREAS, A combination of military and civil service employees have  
7 effectively, efficiently and economically performed all tasks assigned to  
8 them since the plant was originally commissioned; and

9 WHEREAS, The combined military and civil service work force has  
10 established an outstanding and enviable record of work and loyalty,  
11 particularly during the periods of national peril, including World War II,  
12 the Korean war and the war in Viet Nam; and

13 WHEREAS, The Hawthorne Army Ammunition Plant constitutes the  
14 principal economic strength of the community of Hawthorne, Nevada;  
15 and

16 WHEREAS, A majority of the civil service employees of the depot have  
17 purchased homes and property in Hawthorne, Nevada, and have invested  
18 their entire future in that community; and

19 WHEREAS, The businesses of the community, as well as the schools and  
20 churches, the civic and fraternal groups and the entities of local govern-  
21 ment have developed their activities to serve and are dependent upon a  
22 stable civil service work force at the ammunition depot; and

23 WHEREAS, If the present work force were to be replaced with a work  
24 force employed on a contractual basis, the change would cause transient  
25 and sporadic periods of employment, having an adverse effect on the  
26 stability of Hawthorne and Mineral County; and