MEMBERS PRESENT: Mr. Bennett
Mr. Brady
Mr. Bremner
Mr. Chaney
Mr. Dini (Late)
Mr. DuBois
Mr. Jeffrey (Late)
Mr. Kovacs
Mr. Prengaman
Mr. Robinson

MEMBERS ABSENT: Mr. Rusk (Excused)

GUESTS PRESENT: See attached attendance roster

Dr. Robinson called the meeting to order at 3:00 in room 200. As the first order or business, the Chairman asked that the minutes of the February 4th meeting be amended to show both Mr. Bennett and Mr. Chaney as being excused. The motion to amend the minutes was made by Mr. Bennett, seconded by Mr. Kovacs, and passed with a unanimous vote of the members present.

The first bill on the agenda to be discussed was A.B. 98.

A.B. 98: Requires public utilities to offer electricity and gas at reduced rates for times of low demand and for right to interrupt service at other times.

Assemblyman Jim Schofield, District 12, Clark County, Nevada, spoke as sponsor of A.B. 98. He gave a brief description of the intent of the bill and indicated that its main purpose was to make available to the consumer devices which could interrupt service which would result in reducing a utility's peak demand and thereby reduce rates.

Assemblyman Schofield went on to use an example of a metering device that he had installed on his home swimming pool to show the type of savings to the consumer that could be achieved. Mr. Schofield then passed out a memorandum prepared by the Research Division, which gave information pertaining to A.B. 98. He also passed out an amendment that he said he wanted to ad to the bill under subsection 2, (EXHIBITS A and B).

Assemblyman Bremner questioned Mr. Schofield with respect to the fact that he was not sure he understood what turning off the power had to do with a lower utility rate, and why it was desirable to try to obtain a lower rate at the peak load time. After some explanation from Mr. Schofield, it was ascertained that what this bill was trying to accomplish was to reduce demand for service on the utility companies during their peak load times and for this reduced demand, it was assumed that the consumer would be given a more favorable utility rate.

Mr. DuBois then asked Mr. Schofield whether or not metering devices were also available for natural gas. Mr. Schofield responded that there were. Mr. Samuel Hohmann from the Research Division, added that he believed there were metering devices for natural gas but that he was not familiar with them. He added that, historically, interrupt systems have been used more frequently on natural gas.

Mr. Hohmann then came forward to explain the memorandum (EXHIBIT A) that he had prepared for Mr. Schofield with regard to A.B. 98. When Mr. Hohmann completed reading the memo, Mr. Schofield added that basically A.B. 98 was designed as a conservation measure and allowing consumers to obtain lower power rates.

Mr. Bremner pointed out that both Mr. Hohmann and Mr. Schofield had referred exclusively to metering devices being placed on electrical appliances and that he did not see how this bill was applicable to natural gas. Mr. Schofield responded that there were metering devices for gas appliances but that he did not have any background information on them.

Mr. Chaney explained that he did not understand how interrupting a water heater's supply of power would result in any type of savings when the consumer would just have to reheat the water that cooled during the time of interruption. Mr. Schofield stated that he did not think it would cost very much to reheat the water when one considered how much was saved by turning off the water heater in the first place. Mr. Hohmann added that the period of interruption would only be about fifteen minutes, and that water would not become completely cold during such a short period.

Mr. Schofield stated that a pilot study was being done by the power company in Las Vegas using metering devices on air conditioners. This study interrupted service for ten minutes and accordingly reduced demand during peak load times.

Chairman Robinson then questioned what types of classes of users would be established by A.B. 98. Mr. Schofield explained that the bill did not attempt to classify people, but was intended to determine which users were commercial and so forth. He did add that low income persons and senior citizens would particularly benefit from the bill.

Mr. DuBois remarked that natural gas was delivered under pressure and he did not see how this type of utility could have a peak load problem. Mr. Schofield stated that he believed gas utilities did, in fact, have peak load problems, but that at the present time he did not have any information in this area.

Chairman Robinson then questioned who would be paying for the metering devices mentioned in A.B. 98. Mr. Schofield said that the consumer would be paying for them similar to the consumer paying for insulation costs.

Mr. Prengaman asked Mr. Schofield if any data was available to show what kind of a savings the average person could look forward to by using such an interruptable metering device. Mr. Schofield responded that no figures were now available, but that the pilot study that was being done in Las Vegas should be able to provide that information when it was completed.

Mr. Bennett then asked Mr. Schofield how expensive the devices were. Mr. Schofield referred Mr. Bennett to EXHIBIT A in answer. Mr. Jeffrey added that depending on which appliances metering devices were installed, the cost to the consumer could be quite high.

Dr. David Schwartz, representing the Coalition on Affordable Energy, then came forward to give some ideas of implementing interruptable utility rates. Dr. Schwartz stated that he felt the Public Service Commission already had the power to establish interruptable rates and that A.B. 98 was redundant. To illustrate his point, he referred to a paper containing excerpts from "The Public Utility Regulatory Policies Act of 1978" (PURPA), (EXHIBIT C). Dr. Schwartz added that if any savings were achieved by leveling peak demand or instigating interruptable rates the residential user should share in the savings with the commercial user.

Dr. Schwartz also said that estabilishing interruptable rates looks attractive, but that a study should be done to determine the long range effects, such as what the utilities will have to do to make up the cost differential involved in such a program. He said that he could not conceive of any such program being applicable to gas.

Mr. DuBois stated that he understood the end result that this plan was trying to achieve was to reduce demand thereby reducing the need for new plants in the long run.

Dr. Schwartz said that he felt a reduction in the need for new plant facilities would be one of the benefits of establishing an interruptable service plan.

Chairman Robinson asked Dr. Schwartz why, if the PSC already had the power to require establishment of an interruptable system and if it was determined that such a system would result in savings, nothing had been done to implement it.

Dr. Schwartz responded to this question by saying that he had submitted a report to the Assembly Committee on Government Affairs addressing this question along with others. Dr. Robinson then asked the secretary to obtain a copy of this report for this Committee. Dr. Schwartz went on to give an example of an interruptable program which had been established by Southern California Edison that resulted in both savings of energy and costs associated with the production of energy. He concluded his remarks by saying that he was a proponent of A.B. 98.

Mr. Prengaman indicated that he felt there might be one class of user which would be subsidizing another class under this type of system. Dr. Schwartz responded by saying that this would undoubtedly be the case but that could not be corrected by legislation such as A.B. 98.

Since there were no other proponents of the bill to speak, Dr. Robinson requested any opponents to come forward and testify.

The first individual to speak in opposition to A.B. 98 was Mr. William Branch, Vice-president and Controller of Sierra Pacific Power Company. Mr. Branch stated that he was not in opposition to the concept of seasonal or interruptable rates, and that he was in agreement with Dr. Schwartz with regard to the PSC already having the authority to require such rates. He felt that the main problem was one of cost effectiveness, saying that there had to be some sort of a "trade-off" whereby the reduction in the capacity demands cost had to off-set the costs related to the equipment which would have to be purchased to implement an interruptable probram.

Mr. Branch indicated that Sierra Pacific Power Company was in the process of developing "costing methodology" to determine rate schedules related to interruptable service, which he said was a very critical part of establishing such a service. He said that Sierra Pacific was conducting its own pilot program to establish these costs, and that the equipment alone for this survey/program cost the company in excess of one million dollars. Mr. Branch added that if "time of day rates" proved to be cost effective, the meters installed in residences would cost approximately $300 each, and that he was under the assumption that the installation of such meters would be mandatory--he was not aware that the program would be a voluntary one. He also said that commercial and industrial meters would run as high as $2,500 each.

Mr. Branch explained that Sierra Pacific's pilot program for determining cost effectiveness would be implemented in 1982. There will be 450 customers participating with a cost of approximately $14,000 per customer to the utility company, or a total estimated cost of $650,000. He said that the end result will be that if the survey shows the cost for an interruptable service program of load management proves to be less than the cost of building a new power plant, then, the utility company would use it.

Mr. Branch said that he was not in opposition to the bill; however, it does not do the job as it is written--especially with respect to the implementation date of January 1, 1981, which he felt was absolutely impossible to achieve. He stressed that all of the research involved in obtaining data relevant to interruptable service, especially cost effectiveness data, takes time. Mr. Branch ended his remarks by offering his assistance to the Committee and to Mr. Schofield in working with A.B. 98

Mr. DuBois asked Mr. Branch if Sierra Pacific Power Company was doing the same type of research as Nevada Power Company was doing in Las Vegas. Mr. Branch responded that he believed Nevada Power Company was doing research on air conditioning and that Sierra Pacific was not. Mr. Branch added that each utility company had a set of unique circumstances due to location and other factors.

Mr. Kovacs also asked Mr. Branch if the study Nevada Power Company was doing couldn't be used by Sierra Pacific instead of Sierra Pacific having to go through a huge expense to do one of its own. Mr. Branch indicated that because of the uniqueness of each of the utility companies it was necessary to do separate studies.

Mr. Prengaman said he wondered why the utility company was approaching its survey from the point of view that the utility company itself would be absorbing the cost of the metering devices. Mr. Branch said that because of the cost to the customer of somewhere in the area of $1,000, it would be a prohibitive expense to most people and that the cost would probably have to be borne by the utility company.

Mr. DuBois asked whether some studies of this type had not been done in some other parts of the country and whose data could be used. Mr. Branch replied that he did not think so, and again stressed the uniqueness of each area and the utility company serving that area.

Mr. Branch stated that he had forgotten to mention a study that was done at the request of the Public Service Commission approximately one and one half years ago on large commercial and industrial customers with respect to load management. He said that the study concluded that such customers would not be adaptable to "time of use rates."

Chairman Robinson, referring to a paragraph in EXHIBIT C, asked Mr. Branch if Sierra Pacific Power Company was now offering its industrial and commercial electric consumers an interruptable rate. Mr. Branch said, "No." He reasoned that the regulations stipulated that the utility company "shall" after the standards have been reviewed and if those standards are approved by the PSC and reflects the cost of service to that customer. Dr. Robinson mentioned that he saw no reference to residential customers in that particular section of PURPA. Mr. Branch told him that residential customers were covered under the load management section.

Mr. Prengaman then asked Mr. Branch if any study had been done of medium sized customers. He answered that the study of commercial customers had been addressed only to the largest of Sierra Pacific's customers, but that now research meters were attached to the lines of all of the customers who take over 500 kilowatt hours and after a representative period of time, data on this type of customer will also be available.

Mr. Ralph Haven, Vice-president of Division Operations for Southwest Gas Corp. came forth and made several comments concerning

A.B. 98. Mr. Haven stated that he felt the reference to natural gas should be deleted from the bill and gave the following reasons. He indicated that all natural gas was brought in from out of state and that Southwest Gas Corp. was, therefore, under the control of the Federal Energy Regulatory Commission (FERC), which sets priorities and because of those priorities, Southwest Gas no longer has an "interruptable customer." Mr. Haven added that he knew of no devices in the gas industry that could be installed on gas appliances to allow for an interruption of service because there would be no way to turn the appliance back on after service had been stopped without physically reigniting a pilot light, (as in the case of a gas water heater).

Mr. Haven went on to say that if such "shut-off" devices were available, the savings to the customer would be minimal while the utility would have to expend large sums for control and monitoring equipment.

Mr. Heber Hardy, Chairman of the Public Service Commission, said that he concurred with Mr. Haven in that natural gas could not be considered at all as far as A.B. 98 is concerned. He also said that he wanted the Committee to realize that a substantial amount of work had been done to see that the utilities would be in compliance with PURPA, and that it was very important to gather the necessary information in determination of load management and cost effectiveness.

Mr. Hardy addressed Mr. Prengaman to say that he wanted to correct a misstatement that he had previously made regarding whether any public utility finances conservation measures where he had said that they do not. He corrected his statement by saying that Nevada Power Company does directly arrange financing.

Mr. Hardy went on to say that studies have shown that installation of interruptive devices for residential customers was not at this time cost effective. He also gave an explanation of Nevada Power Company's program of installing such devices at the request of a customer on air conditioning systems, and gave examples of other studies and efforts being made to reduce peak demand in Nevada and to obtain some necessary data for future rate hearings. Mr. Hardy added that the federal mandate was to "consider" not to "adopt" and that he agreed that the PSC had the authority already to develop reduced rates for interruptable service.

Dr. Robinson asked Mr. Hardy if he felt that the request to eliminate the reference to natural gas from A.B. 98 was legitimate. Mr. Hardy said that he felt it was and that there was a provision for gas curtailment in the event of a shortage.

Mr. DuBois then asked who would pick up the cost of the equipment used in making these studies. Mr. Hardy indicated that the utility company was responsible for the cost and that the customer was in effect given a credit for giving the utility company the ability to reduce the demand. He said that the installation of devices to allow the power companies to interrupt service would be done on an optional, not mandatory, basis. Mr. DuBois expressed concern over

the potential cost of installing such devices.

Mr. Prengaman added his concern saying that he was worried about a utility company showing, in its cost effectiveness studies, that the installation of metering devices would be cost prohibitive just because of the termendous initial outlay of funds for the necessary equipment.

Dr. Robinson stated that it was his belief that the utilities never paid for anything. Mr. Hardy responded by agreeing with him and saying that any costs to the utility company were ultimately passed on to the consumer. Dr. Robinson also asked Mr. Hardy if he too felt the January 1, 1982 date for compliance was unrealistic. Mr. Hardy agreed that it was adding that the compliance date should be no sooner than sometime beyond the next legislative session. He also reemphasized that he did not feel A.B. 98 was necessary.

There being no further discussion on A.B. 98, Dr. Robinson opened the hearing on A.B. 25.

A.B. 25: Revises provisions regulating persons who manufacture, sell, install and service mobile homes and similar vehicles.

Dr. Robinson asked Don Rhodes, Chief Deputy Research Director, to give the presentation on A.B. 25. Mr. Rhodes read through the summary of the bill and gave some explanations (EXHIBIT D).

Chairman Robinson commented that he felt this bill was the best of several of the proposed mobile home bills and that it solves so many of the existing problems. He went on to say that he felt if A.B. 25 were passed as it is, perhaps the escrow bill would not even be needed then.

Mr. Robert Dimmick, Deputy Legislative Auditor for the State of Nevada, presented a letter dated January 28, 1981 and signed by himself on behalf of John R. Crossley, Legislative Auditor (EXHIBIT E). Mr. Dimmick indicated that the letter deals with a problem with some of the language in A.B. 25--specifically it referred to the name "Fund for Education and Recovery" and suggested that it be amended to read "Mobile Home Education and Recovery Fund." He stressed that this proposed amendment in no way effected the content of the bill.

Mr. Don Rhodes commented that he could see no problems with such a name change.

Next to address the Committee was Mr. Wayne Tetrault, Administrator of the Manufactured Housing Division. Mr. Tetrault said that instead of the term "mobile home" he would like to see the term "manufactured housing." He professed his support for A.B. 25 and offered a few suggestions. He indicated that on page 5, line 31, the Manu-

factured Housing Division is given the authority to go into a mobile home park and inspect the landlord's records to determine if any illegal transactions regarding entrance and exit fees have taken place; however, it is not given statutory authority to do anything about it if these illegal transactions do exist. He did indicate that A.B. 31 did give the Division the power of enforcement.

Dr. Robinson asked Mr. Tetrault if the section in A.B. 31 which gave the Division the power to enforce its authority could be added to A.B. 25. Mr. Tetrault indicated that he would first have to review A.B. 31 because there were some items in that bill that he would not like to see added to A.B. 25. Dr. Robinson then asked him to please look into it and present an amendment to the committee.

Mr. Tetrault stated that his last problem with A.B. 25 was the $130,000 specified for the fund for education and recovery. He indicated that he had previously suggested that amount but now felt that $50,000 was a more reasonable figure.

Don Rhodes interjected that if the amount were lowered, consideration should be given to adjusting the limits for claims specified in Subsection 4, page 2 of A.B. 25. Dr. Robinson then said that he could see no reason to change the $100,000 liability figure. Mr. Tetrault concurred.

Mr. Tetrault commented that on page 7, line 3 of the bill the Division was given the authority to issue provisional licenses pending receipt of an F.B.I. report and that he felt some problem could result if the Division did find it necessary to withdraw a provisional license after it had been issued. He suggested that language be added to the bill stating, "In the event that the F.B.I. report is unfavorable, the provisional license terminates automatically." After some discussion concerning this matter between Mr. Tetrault, Mr. Rhodes, and Mr. Robinson, it was agreed that the language would remain as it now reads.

Mr. Kovacs asked Mr. Rhodes what the rationale behind obtaining F.B.I. reports was. Mr. Rhodes explained that this was the only way background information could be obtained for persons coming to Nevada from other states.

Mr. DuBois asked Mr. Tetrault what his feelings were regarding Dr. Robinson's comment concerning the fact that if A.B. 25 passed there might not be a need for the earlier bill requiring escrows, (A.B. 21). Mr. Tetrault explained that, "If one of our licensees is out to beat you, they're going to beat you whether you have an escrow law or not." He went on to say that there were a number of ways the escrow process could be circumvented. He also said that he felt this bill, "Would be a big plus for the consumer."

Dr. Robinson asked if the $50,000 figure mentioned by Mr. Tetrault for the fund for education and recovery seemed like a reasonable

figure. Don Rhodes gave some background information about where the subcommittee had obtained information and suggested amounts saying that most of the bill in this regard had come from information that was in the real estate statutes.

Shannon Zivic, Mobile Home Owners League of the Silver State, came forward to speak. She said that if there was no escrow bill put into effect there would be "a lot of unhappy people in Las Vegas."

Dr. Robinson replied that this bill, A.B. 25, would upgrade the type of people in the business to a point where a bill requiring escrows would not be needed. He added that the escrow is needed to keep someone from being cheated by an unscrupulous person, and if the people that are licensed are all basically honest, an escrow would not be necessary.

Ms. Zivic said that there was a problem with real estate salesmen who have limited permits to sell mobile homes because they are not included in this bill as being covered by the education and recovery fund. She said that she recommended they be included.

Mr. Bill Cozart, representing the Nevada Association of Realtors, stated that he wished to clarify Ms. Zivics' statement. He said that real estate brokers could obtain "limited use motor vehicle dealer's license" to convey mobile homes in conjunction with real property. These brokers, said Mr. Cozart, are covered under the education, research and recovery fund of the Real Estate Division. He said that he received this information from the Deputy Attorney General for the Department of Commerce.

Chairman Robinson requested that Mr. Cozart provide a written copy of that decision to the Committee. Mr. Cozart indicated that he would do that. He indicated that the opinion had come from Jim Barns, Deputy Attorney General for the Department of Commerce.

Ms. Zivic indicated that she had doubts that this opinion was correct, and that she would definitely want to see it in writing.

Mr. Rhodes asked that Mr. Cozart give the Committee a brief description of the workings of the Real Estate Division's education and recovery fund. Mr. Cozart gave that explanation emphasizing how claims against the fund were paid. Mr. Cozart also suggested that the provision for claimants to post bonds, which is found on page 2, lines 38, 39 and 40 be deleted from the bill, because this provision may prevent persons from filing claims. He added that the same provision is now in the real estate statutes and that a subcommittee has suggested that it be taken out of that legislation also.

There being no further discussions or other business, Chairman Robinson adjourned the meeting.

Respectfully submitted,

Evelyn Edwards, Committee Secretary

ASSEMBLY COMMERCE COMMITTEE

GUEST LIST

DATE: 2-12-81

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK FOR	AGAINST	BILL NO.
	U.S.T.A			
		✓		AB25
Thomas V. Reed	U.S. COMM ON CIVIL RIGHTS			
William C Branch	SIERRA PACIFIC POWER CO		✓	AB98
RALPH WALSH	Southwest Gas Corp		✓	AB98
		✓		
ROBERT DINNICK	LEGISLATIVE COUNSEL BUREAU - AUDIT			AB 25
DICK WELLS		✓		AB25
Bill Count	Nev Assn of Realtors			AB25
	Assemblyman	✓		AB98
	Assemblywoman Karen Hayes			
	Manufactured Housing	✓		AB25

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EXHIBIT A

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU
LEGISLATIVE BUILDING
CAPITOL COMPLEX
CARSON CITY, NEVADA 89710

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William A. Bible, *Assembly Fiscal Analyst*

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JOHN R. CROSSLEY, *Legislative Auditor* (702) 885-5620
ANDREW P. GROSE, *Research Director* (702) 885-5637

February 12, 1981

M E M O R A N D U M

TO: Assemblyman Jim Schofield

FROM: Samuel F. Hohmann, Senior Research Analyst
Science & Technology

SUBJECT: Time-Related Electric Utility Rates/A.B. 98

This memorandum is in response to your request for information regarding the implementation and operation of electric utility rates for seasonal, weekly, and daily off-peak rates and interruptible service rates. Much of the information below is from Electricity Pricing and Demand by Douglas Sacarto, National Conference of State Legislatures, Denver, Colorado, 1978.

OFF-PEAK RATES

Off-peak rates could be instituted with the use of an off-peak service rider. The rider would be a standard rate schedule providing that only a fraction of off-peak demand will be considered for billing purposes.

Customers under this rider, therefore, are encouraged to shift their electricity demand to off-peak periods.

- Demand for billing as modified by this rider shall be the greater of:
  a) on-peak demand as specified in the applicable rate, or
  b) 60 percent of maximum off-peak* demand during the current or preceding eleven months.

  *10:00 p.m. to 6:00 a.m. weekdays, all day Saturday, Sunday and certain holidays.

Table I is a listing of metering equipment for alternative rate structures, including off-peak and interruptible service.

OPERATION OF INTERRUPTIBLE SERVICE SYSTEMS

Interruptible service is a form of control for electricity demand which provides a direct method for reducing a utility's peak demand. When the demand on the utility exceeds a specific level, the interruptible customer is simply cut off. Such curtailable loads may be treated by the utility as a form of reserve capacity, which means that a comparable amount of peaking capacity need not be constructed. Savings may then be passed on to the interruptible customer in lower rates, and such a reduction in price normally will be necessary to compensate for the lower reliability of interruptible service.

Other techniques at the customer's premises include interlocks installed to prevent the simultaneous use of the controlled appliances. Thus, an electric oven, range and hot water heater may be interconnected so that only one or two of the appliances can operate at a given moment. In this way, the residential customer's peak demand may be cut by more than one-half. More sophisticated forms of load sequencing are employed in some industries using computerized monitors to prevent total demand from exceeding a pre-set maximum during specified time periods.

Contractual arrangements may be instituted in which customers are billed under special reduced energy (kwh) rates in recognition of their use of load control devices. Clocked hot water heaters, for instance, may be billed through a separate kwh meter.

Another device which restricts load control to periods of peak demand is the temperature-controlled load cycler. When outside temperatures exceed a preset limit, the cycling device alternatively turns controlled air conditioners on and off for periods of approximately fifteen minutes. In a demonstration project, Georgia Power Company found that

even with a rebate to customers in the summer months of $5 per ton of cooling capacity, the temperature-controlled devices were more economical than adding new generating facilities. Temperature-controlled cyclers can be effective because they key load control to extreme weather conditions which are a primary cause of peak electricity demand.

Although individual customer load management devices can improve a utility's overall load pattern, the most effective load management methods are centrally controlled because the coincident system demand dictates generating and transmission requirements. Centralized signalling for load control may be done via telephone lines, radio frequency broadcast or electrical pulses sent over the power lines themselves. In each case, the utility may activate switches either to prevent demand from occurring (as with hot water storage heaters) or to induce load cycling (as with air conditioners) during periods of peak demand.

In addition, centralized signalling may be used to switch meters to their peak or off-peak rates, and if customers also have signalling devices, their meters may be read remotely. In West Germany and Switzerland, ripple control (low-frequency pulses over power lines) has been adopted with excellent results. Table II is a listing of utilities with interruptible rate schedules with examples of industrial processes amenable to interruptible service.

SFH/llp
Enc.

TABLE I. A SAMPLE OF PRESENTLY AVAILABLE HARDWARE OPTIONS FOR METERING VARIOUS DOMESTIC RATES.

Metering function to be performed	Possible hardware package	Approx. cost of hardware	Comments
1. Total kWh	Watthour meter	$20	See notes 1 and 2 below.
2. On-peak kWh, Off-peak kWh	a) Dual-register watthour meter with internal time switch	$71	Timer not equipped with carryover and must thus be manually adjusted after power outages. Change of on-peak, off-peak hours also requires manual adjustment of timers.
	b) Dual-register watthour meter with solenoid operated registers..	$55	Power outage problem alleviated but system still inflexible.
	+ External time switch with 10-hour carryover...	$63 $118	One manufacturer has a timer available with 30-hour carryover which sells for $86.
	c) Dual register watthour meter with solenoid operated registers..	$55	More expensive than time switch option but ripple control can also be used to execute load management functions. System highly flexible - can easily change on-peak, off-peak periods from weekday to weekend, from summer to winter, etc.
	+ Ripple control	$100 $155	

Note 1: Metering functions 1 and 2 could also be implemented using the proposed power-line automatic meter reading systems which eliminate the need for visual reading of the meters required in all other options. Estimated cost of hardware for metering function 1: $50/customer; for metering function 2: $100 or more/customer.

SOURCE: Testimony of Thomas Laaspere before the Public Service Commission of New York (Case No. 26806), August 11, 1975.

TABLE I (continued)

Note 2: Metering function 1 could be implemented using Dacro's automatic "over-the-phone" meter reading system which is, however, probably too slow for implementation of time-of-day rates. Estimated cost: $55/customer for 100,000 units.

Metering function to be performed	Possible hardware	Approx. cost of hardware	Comments
3. On-peak kWh and max kW, off-peak kWh	a) Watthour meter + Watthour demand meter.... + Time switch with 10-hour carryover	$20 $67 $63 $150	A bulky package but manufacturers should easily be able to combine the last two items into one unit which would sell at a smaller cost.
	b) Watthour meter.. + Watthour demand meter... + Ripple control..	$20 $67 $100 $187	More costly, but a highly flexible system.
4. On-peak kWh and max kW, off-peak kWh and max kW	a) Two watthour demand meters... + Time switch with 10-hr carryover	$134 $63 $197	
	b) Two watthour demand meters... + Ripple control	$134 $100 $234	
5. kWh consumption in "high","medium,"low" rate periods	Watthour meter with internal time switch... + Dual-register watthour meter with internal time switch	$57 $72 $129	
6. Any conceivable rate structure	Magnetic cartridge recorder with internal time reference...	$367	The data handling and processing costs will also be appreciable in this option.

TABLE II

Utility	Typical User
Tampa Electric	Mining phosphate and arc furnace use
Commonwealth Edison	Steel manufacturing
Florida Power	Phosphate and furnaces
West Penn Power	Air separation, metal alloy furnaces
Duquesne Light	-
Gulf States Utilities	Chlorine production
Jersey Central Power & Light	Air separation
Delmarva Power & Light	Chlorine production, air separation, steel arc furnaces
Union Electric	Zinc and rubber reclaiming
Illinois Power	Steel mills, air separation
Connecticut Light & Power	Air separation
Florida Power & Light	-
Northern Indiana Public Service	Steel mills, air separation
TVA	Ferroalloys, smelters electrochemicals, chlorine production
BPA	Smelters and rolling mills
Ohio Power Company	Ferroalloys

Source: Electrical World, October 1, 1975.

EXHIBIT B

Add to AB 98 the following:

Section 2

(d) base such rate reductions on the auditable and verifiable cost changes of the utility providing the service.

EXHIBIT C

SIERRA PACIFIC POWER COMPANY

EXCERPTS FROM "THE PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978" (PURPA) RELATING TO TIME OF USE RATES AND LOAD MANAGEMENT TECHNIQUES

SEC. 101. PURPOSES

The purposes of this title are to encourage--

(1) conservation of energy supplied by electric utilities;
(2) the optimization of the efficiency of use of facilities and resources by electric utilities; and
(3) equitable rates to electric consumers.

SEC. 111 (d) (3) TIME-OF-DAY RATES.--The rates charged by any electric utility for providing electric service to each class of electric consumers shall be on a time-of-day basis which reflects the costs of providing electric service to such class of electric consumers at different times of the day unless such rates are not cost effective with respect to such class, as determined under section 115 (b).

(4) SEASONAL RATES.--The rates charged by an electric utility for providing electric service to each class of electric consumers shall be on a seasonal basis which reflects the costs of providing to such class of consumers at different seasons of the year to the extent that such costs vary seasonally for such utility.

(5) INTERRUPTIBLE RATES.--Each electric utility shall offer each industrial and commercial electric consumer an interruptible rate which reflects the cost of providing interruptible service to the class of which such consumer is a member.

(6) LOAD MANAGEMENT TECHNIQUES.--Each electric utility shall offer to its electric consumers such load management techniques as the State regulatory authority (or the nonregulated electric utility) has determined will--

(A) be practicable and cost-effective, as determined under section 115 (c),
(B) be reliable, and
(C) provide useful energy or capacity management advantages to the electric utility.

SEC. 115 (b) TIME-OF-DAY RATES.--In undertaking the consideration and making the determination required under section 111 with respect to the standard for time-of-day rates established by section 111 (d) (3), atime-of-day rate charged by an electric utility for providing electric service to each class of electric consumers shall be determined to be cost-effective with respect to each such class if the long-run benefits of such rate to the electric utility and its electric consumers in the class concerned are likely to exceed the metering costs and other costs associated with the use of such rates.

SEC. 115 (c) LOAD MANAGEMENT TECHNIQUES.--In undertaking the consideration and making the determination required under section 111 with respect to the standard for load management techniques established by section 111 (d) (6), a load management techniqure shall be determined, by the State regulatory authority or nonregulated electric utility, to be cost-effective if--

(1) such techniqure is likely to reduce maximum kilowatt demand on the electric utility, and

(2) the long-run cost-savings to the utility of such reduction are likely to exceed the long-run costs to the utility associated with implementation of such technique.

EXHIBIT D

SUMMARY OF THE PROVISIONS
OF
A.B. 25

Assembly bill 25 contains several proposals for legislative action recommended by the legislation commission's subcommittee which studied the problems of owners and renters of mobile homes during the recent legislative interim.

These recommendations relate to (1) the definition of servicemen who work on mobile homes; (2) more stringent standards for mobile home dealer's, manufacturer's, rebuilder's, serviceman's, installer's and salesman's licenses including background information about applicants for such licenses and examinations; (3) a mobile home dealer's recovery fund; (4) a receivership procedure for mobile home dealers in financial difficulty; and (5) prohibiting dealers from paying entrance or exit fees to mobile home park landlords.

Several of the presentations made to the subcommittee addressed changes needed in the licensing requirements for mobile home dealers, manufacturers, rebuilders, servicemen, salesmen and installers; problems caused by insolvent mobile home dealers and problems caused by fradulent practices of a few mobile home dealers. This summary addresses the subcommittee's suggested remedies to deal with those issues and problems and identifies the sections in A.B. 25 where these recommendations are contained.

1. The Definition of Servicemen Who Work on Mobile Homes

Under chapter 489 of NRS certain persons who repair mobile homes must obtain licenses from the manufactured housing division. Section 7 of senate bill 464 (chapter 573, Statutes of Nevada 1977) added the definition of servicemen to chapter 489 of NRS. It said:

> * * * "Serviceman" means a person who installs or repairs skirting, awnings, fixtures or appliances on or in mobile homes or commercial coaches, except:
> 1. Any person employed by a licensed manufacturer; and
> 2. The purchaser of a mobile home or commercial coach.

In 1979, S.B. 173 (chapter 592, Statutes of Nevada 1979) which is codified as NRS 489.145, modified the definition of serviceman. The definition now reads:

> * * * "Serviceman" means a person who owns or is the responsible managing employee of a business which installs or repairs electrical or plumbing fixtures, devices or appliances on or in mobile homes or commercial coaches, except:
> 1. Any person employed by a licensed manufacturer; and
> 2. The owner or purchaser of a mobile home or commercial coach.

According to James I. Barnes, chief deputy attorney general, this change narrowed the definition of serviceman to only those persons who perform electrical or plumbing work in or on a mobile home.

Witnesses appearing before the subcommittee, including the administrator of the manufactured housing division, advised that a preponderance of the problems arising from repairs made to mobile homes relates to repairs to awnings and skirtings and other fixtures. The subcommittee believed NRS 489.145 should be amended to require a person who performs such work to obtain a license from the manufactured housing division. It therefore recommended:

> The definition of serviceman contained in NRS chapter 489 be revised to include those who install or repair awnings, roofing, skirting, or other fixtures, on or in mobile homes or commercial coaches except (1) any person employed by a licensed manufacturer, or (2) the owner or purchaser of a mobile home or commercial coach.

<u>This recommendation is contained on page 4, section 15, of A.B. 25.</u>

2. More Stringent Standards for Mobile Home Dealer's, Manufacturer's, Rebuilder's, Serviceman's, Installer's and Salesman's License

During the subcommittee's hearings it was pointed out on several occasions that most mobile home dealers and other persons licensed under the provisions of chapter 489 of NRS are honest, legitimate businessmen who fill a substantial need in Nevada's communities. The misdeeds of a few, however, cause severe financial hardships to unsuspecting consumers and tend to discredit the mobile home industry. Witnesses appearing before the subcommittee made several suggestions to deal with these problems. The subcommittee thought the following had the most merit.

a. Information About Applicant's Character, Honesty, Integrity, Fitness and Reputation

According to the chief of the consumer fraud unit of the Clark County district attorney's office, many of the mobile home licensees who become involved in unlawful or unscrupuous activities have past histories of such activities in other states. He, and other witnesses, appearing before the interim subcommittee, felt that background investigations need to be improved to screen out persons with histories of poor business practices or criminal records. In this regard, the administrator of the manufactured housing division advised that an investigation is made of potential licensees but that because of federal regulations he cannot obtain records of criminal activity which occurred in other states. This situation was substantiated to the subcommittee by a letter to Barton Jacka, director of the department of motor vehicles from Nick F. Stames, assistant director of the Indentification Division, Federal Bureau of Investigation (FBI), U.S. Department of Justice. (Portions of the letter are contained on page 7 of LCB bulletin 81-9.)

NRS 489.311 requires the division to, "investigate any applicant for a license and complete an investigation report on a form provided by the division." The subcommittee believed that to remedy the situations mentioned above, the scope of the investigation needs to be made specific and

authorization for the division to obtain records of criminal histories from the FBI needs to be placed in the law. The subcommittee therefore recommended:

1) Every applicant who applies for a manufacturer's, dealer's, rebuilder's, serviceman's, installer's, or salesman's license under NRS chapter 489 be required to provide the manufactured housing division with information about the applicant's character, honesty, integrity, fitness and reputation.

2) Upon receipt of an application for a license which is accompanied by the appropriate fee, the division, within 120 days, make a thorough investigation of the information contained in the application. Such investigation must include a review of the applicant's state and national records of criminal history obtained from a repository of Nevada records of criminal history and from the Federal Bureau of Investigation's National Crime Information Center.

3) Each applicant be fingerprinted.

<u>These recommendations are contained, beginning on page 5, in sections 17, 18 and 19 of A.B. 25. As can be seen, the administrator of the manufactured housing division is permitted to issue a provisional license pending receipt of information from the Federal Bureau of Investigation. (See page 7 of the bill.)</u>

b. <u>Examinations for Dealer's, Installer's, Salesman's and Serviceman's License</u>

A review of Title 54 of NRS "Professions, Occupations and Businesses" reveals that most occupations require licensees to have specified background, training or education and that applicants must successfully pass an examination. For example, in providing for the examination of real estate salesmen, subsection 1 of NRS 645.460 says:

> * * * In addition to the proof of honesty, truthfulness and good reputation required of any applicant for a real estate license, the division shall ascertain by written examination that the applicant has an appropriate knowledge and understanding of those subjects which commonly and customariy apply to the real estate business.

The manufactured housing division, under NRS 489.351, is permitted to require oral or written examinations of the applicants for an installer's, salesman's, or serviceman's license. Dealers are not mentioned. The administrator of the division advised the interim subcommittee that no examinations are required for any person licensed under chapter 489 of NRS.

The subcommittee believed that considering the current cost of a mobile home, which can exceed $50,000 for a doublewide and averages approximately $35,000, that persons who sell or repair mobile homes should be able to demonstrate their knowledge and technical skills to perform their occupation.

California has determined this need. California West's Annotated Vehicle Code section 11704.5 requires dealers and salesmen to take either a written or oral examination covering topics such as, "subjects relating to mobile homes, laws relating to contracts for the sale of vehicles, laws covering truth in lending and division and warranty requirements."

The subcommittee believed licensees under chapter 489 of NRS should be tested. It therefore recommended:

> NRS 489.351 be amended to require that the manufactured housing division require a written or oral examination of each applicant for a dealer's, or responsible management employee's, installer's, salesman's or serviceman's license. Current licensees should be required to pass the appropriate examination as a condition of license renewal; but no licensee should be required to complete successfully more than one examination for a specific license.

This recommendation is contained on pages 8 and 9 in sections 20 and 22 of the bill. The bill does not contain reference to "responsible management employee."

3. Mobile Home Dealers' Recovery Fund

Several persons, including the administrator of the manufactured housing division, told the interim subcommittee that additional remedies need to be added to the law to ameliorate the difficulties of persons who are financially injured by mobile home dealers.

Under existing law [see paragraph (d) of subsection 1 of NRS 489.321] licensed mobile home manufacturers, dealers and rebuilders must furnish surety bonds of $10,000 or other specified security. The bond must be conditioned on the conduct of business by the applicant without fraud or fradulent misrepresentation and without violation of any provision of chapter 489 of NRS, including fraud or violation by salesmen of dealers and rebuilders acting within the scope of employment, and must provide that any person injured by an action of the dealer, rebuilder, manufacturer or salesman may bring an action on the bond.

The subcommittee felt, with current cost of mobile homes, that a $10,000 bond is insufficient. Additional safeguards suggested to the subcommittee were increasing the bond level or providing for a mobile home recovery fund. Because of the similarity between the sale of conventional homes and mobile homes, the subcommittee looked to the statutory provisions relating to real estate brokers and salesmen for the answer. NRS 645.841 to 645.8494, inclusive, contain provisions for a real estate education, research and recovery fund. The law specifies the creation, use, balances and procedures for recovery from the fund.

The subcommittee believed similar remedies should be available for the purchasers of mobile homes and therefore recommended:

> A fund for recovery be created as a special revenue fund for the purpose of satisfying claims against persons licensed under chapter 489 of NRS.

Language relating to this recommendaton is contained on pages 1, 2, 3 and 9 of A.B. 25. The bill addresses, among other things, revenue from fees for the fund (see section 2), recovery from the fund, maximum amount of judgments (see section 4), multiple claims (see section 6), payment when the money deposited in the fund is insufficient (see section 6), and various duties of the administrator of the manufactured housing division. Section 23 of the bill appropriates, from the manufactured housing fund created by NRS 489.491 to the fund for education and recovery created in section 2 of A.B. 25, the sum of $130,000.

4. Receivership Procedure for Mobile Home Dealers in Financial Difficulty

According to the administrator of the manufactured housing division, over the last 3 years seven mobile home dealers have become financially insolvent or delinquent causing approximately $1 million in financial injury to mobile home purchasers. These losses have come from lost cash deposits for mobile home purchases and from lost funds relating to prepaid service contracts.

The administrator of the manufactured housing division believes a receivership procedure is needed in the mobile home law to cover delinquency proceedings for mobile home dealers and suggested several grounds for conservation or rehabilitation to the subcommittee. (They are contained on page 10 of LCB bulletin 81-9.)

Based on several presentations, the subcommittee concurred with the administrator's contention that a receivership procedure is needed and therefore recommended:

> A receivership procedure be established in the law for insolvent mobile home dealers.

This recommendation is contained on page 4, sections 13 and 14, of A.B. 25. As can be seen, the administrator of the manufactured housing division is given authority to take possession of all the property, business and assets of any dealer whose assets or capital is impaired or whose affairs

are in an unsafe condition. Duties are imposed on the administrator, and the attorney general's office. A dealer is permitted, within 60 days from the date when the administrator takes possession of his property, to make good any deficit which may exist or to remedy the unsafe condition of his affairs.

5. Dealers Prohibited from Paying Entrance or Exit Fees to Mobile Home Park Landlords

The 1979 legislature, through assembly bill 784 (chapter 692, Statutes of Nevada 1979) made it illegal for mobile home park landlords to charge or receive entrance or exit fees to tenants assuming or leaving occupancy of a mobile home lot. [See paragraph (a) of subsection 1 of NRS 118.270.] Under NRS 118.340, any landlord who charges such fees is subject to misdemeanor penalties for the first offense, gross misdemeanor penalties for the second offense, and imprisonment for 1-6 years or a fine or not more than $5,000 or both for a third of subsequent offense. In passing the entrance and exit fee provisions, the legislature attempted to dissuade unscupulous mobile home landlords from taking advantage of the limited number of mobile home spaces, in certain of Nevada's communities, for their personal gain.

According to the information given to the interim subcommittee by representatives of the Nevada Manufactured Housing Association, dealers, not tenants, usually pay the entrance or exit fees if such transactions occur. Moreover, because of mobile home dealers' bookkeeping requirements and practices, the payment of an entrance or exit fee could be isolated and identified in their records. Such may not be the case with mobile home park landlords' records.

The subcommittee was advised that if mobile home dealers were made criminally liable for paying entrance or exit fees, the practice would stop or be greatly reduced. The subcommittee therefore recommended:

It be unlawful for a mobile home dealer, or his authorized agent, to pay the entrance or exit fees specified in paragraph (a) of subsection 2 of NRS 118.270.

This recommendation is contained on page 8, section 20, of the bill. As can be seen, the bill drafter believes the recommendation can be carried out by amending NRS 118.270 to expand the prohibition against the landlord to include entrance or exit fees received not just from a tenant but from anyone. By doing this, the dealer or anyone paying the fee can be charged as an accessory to the landlord's crime.

EXHIBIT E

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January 28, 1981

The Honorable Robert E. Robinson
Chairman, Committee on Commerce
Legislative Building - Room 210E
Carson City, Nevada 89710

Dear Assemblyman Robinson:

AB 25 is currently before your committee on Commerce. This bill revises provisions regulating persons who manufacture, sell, install and service mobile homes and similar vehicles.

Section 2, page 1, line 3 creates the "Fund for Education and Recovery". We do not feel that this is a descriptive enough title, as it could easily be mistaken as being a fund belonging to the Department of Education. Therefore, we would like to suggest the following amendments to AB 25.

1. Line 3 of page 1 be amended as follows:

   "SEC. 2. 1. The [fund for] mobile home education and recovery fund is hereby created as"

2. Line 37 of page 3 be amended as follows:

   "[fund for] mobile home education and recovery fund the license will be automatically sus-"

3. Line 27 of page 9 be amended as follows:

   "ing fund created by NRS 489.491 to the [fund for] mobile home education and recovery fund"

When this bill is heard by your committee, we will be in attendance to explain our proposed amendments.

If you should have any questions regaring these proposed amendments, we are available to discuss them with you at your convenience.

Respectfully,

JOHN R. CROSSLEY, C.P.A.
LEGISLATIVE AUDITOR

By Robert O. Dimmick
Robert O. Dimmick
Deputy Legislative Auditor

JRC:ROD:hjr
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