

MEMBERS PRESENT:            Mr. Bennett  
                                 Mr. Chaney  
                                 Mr. Dini  
                                 Mr. DuBois  
                                 Mr. Jeffrey  
                                 Mr. Kovacs  
                                 Mr. Prengaman  
                                 Mr. Rusk  
                                 Dr. Robinson

MEMBERS ABSENT:            Mr. Brady (excused)  
                                 Mr. Bremner (excused)

GUESTS PRESENT:            Please see attached Guest List

Chairman Robinson called the meeting to order at 2:09 p.m. in Room 200.

BDR 41-1970 (AB 631)

Mr. Dini made a motion for BILL INTRODUCTION, seconded by Mr. Jeffrey, motion carried unanimously of those present.

AMTRAK Resolution (AJR 46)

A motion was made to REQUEST AN AJR by Mr. Jeffrey, seconded by Mr. Dini. The motion carried with Mr. Rusk voting no.

AB 223      INCREASES MINIMUM AMOUNT OF INSURANCE COVERAGE REQUIRED FOR MOTOR VEHICLES.

A motion was made by Mr. Kovacs, seconded by Mr. DuBois, to RECONSIDER ACTION TO INDEFINITELY POSTPONE AB 223. The motion carried with Mr. Dini voting no.

Mr. Kovacs then made a motion to AMEND AND DO PASS; the amendment being changing property damage from \$5,000 to \$10,000; seconded by Mr. DuBois.

Virgil Anderson spoke from the audience that his company does not write anything under \$10,000 at the current time.

The motion carried unanimously of those present.

AB 474      REMOVES PROHIBITION AGAINST INVESTMENTS IN AGRICULTURAL OR RANCH PROPERTY BY INSURERS.

A motion was made by Mr. Dini, seconded by Mr. Jeffrey, to AMEND AND DO PASS PER AMENDMENT #670. Motion carried unanimously by those present. Mr. Prengaman to do the floor work.

AB 496      AUTHORIZES PARTIES TO AN AUTOMOBILE INSURANCE POLICY TO EXCLUDE NAMED PERSONS FROM COVERAGE.

Chairman Robinson opened the public hearing on this bill.

Dr. Robinson explained that this bill was trying to put back into the law a portion that was inadvertently dropped when the no fault insurance law was repealed. This bill would allow a family to name a person or person(s) who have higher insurance rates to be excluded from the insurance policy so as not to raise the rates for the entire family.

Virgil Anderson, AAA, distributed a proposed redraft of this bill. He said AB 496 as drafted now is not acceptable. He said his redraft is exactly as it was in the former law. The former law somehow was put into the no fault section and that section was repealed in total. (His redraft is attached as EXHIBIT A.)

AB 578 REGULATES EXTENSION OF CREDIT BY INSURERS

Since there was no one to testify, the bill was tabled.

AB 579 MAKES VARIOUS ADMINISTRATIVE CHANGES IN LAW GOVERNING REAL ESTATE BROKERS AND SALESMEN.

SB 479 PROVIDES FOR LICENSING OF CERTAIN CORPORATIONS AS REAL ESTATE BROKER-SALESMEN OR SALESMEN.

Chairman Robinson declared the public hearing open on both of the above bills at the same time.

Senator McCorkle said that he had had a call from a broker, after SB 479 passed from the Senate, who said that brokers as well as broker-salesmen and salesmen wish to have dual licenses. He said they wanted the bill to permit issuance of dual licenses to two or more individuals where the licenses are held in corporate form.

Bill Cozart, representing the Nevada Association of Realtors, said SB 479 does one very simple thing, it allows broker-salesmen and salesmen to incorporate to take advantage of the tax laws. Mr. Cozart said the Commission and the Division have reviewed this bill and they are not receptive to allowing for the broker to have more than one corporate license. He said he did not want to see this bill held up for this different issue.

Mr. Cozart then addressed AB 579 stating that the Association had no objection to this bill.

Lynn Luman, Administrator of the Real Estate Division, discussed AB 579. He said Page 1, line 10, simply excludes the phrase, "including used mobile homes," primarily as a redundancy. Page 2, section 2, is a redistribution of the Division into the north and south parts of the states. He said it would put them in a better position to monitor brokers. In section 3, subsection 2, he would like to see deleted the provision for exemptions to this chapter including persons acting as attorney. Page 4 would enable the advisory commission to make a motion which they presently cannot do. Page 3, line 34, Mr. Luman said will enable them to issue a license to an individual at the time he pays his license fee. Currently they issue a receipt which is a temporary license.

Chairman Robinson declared the hearing closed on the previous two bills and opened the hearing on AB 580.

AB 580     REQUIRES PUBLIC UTILITIES TO OFFER SEASONAL RATES FOR INTERRUPTIBLE ELECTRICITY FOR IRRIGATION PUMPS.

Senator Glaser said his district, northern Nevada, is in competition with Idaho in the area of agriculture. He said Idaho has an abundance of almost free water. Nevada has the climate and the soil, but has a shortage of water. He said the cost of pumping the water from underground is rising, whether from diesel or electricity costs. This bill, he said, would allow farmers to take electricity on off-hours, other than peak periods. He said the farmers can adapt to an interrupted schedule.

Assemblyman Rhoads said he was testifying for Assemblyman Marvel who had to be in Las Vegas. He said the key to this bill was on line 11 and 12. He said this would produce about a 29% decrease in the farmer's rates, from about \$15,000 for a six month period to a little over \$10,000.

Senator Glaser said that several outfits have gone broke in Winnemucca over the last year or two because of these high rates.

Sam Hohmann, Senior Research Analyst, responded to a question of Mr. Jeffrey whether other groups would now come forward to try to reduce their rates as well. He said this was a load management proposal which would reduce peak usage and cost of service as well. This lower cost of service would be returned to the agricultural customer.

It was determined through much discussion that a farmer will have the option of using electricity even during peak periods and thereby paying the higher rate during that time.

Leroy Horn, a rancher from Lander County, read from and discussed a schedule of power usage and payment covering 1974 to 1980, attached as EXHIBIT B. He said power to them is a must, not a luxury. He said over the same period, power costs raised 300% where cattle prices only went up 160%.

Marian Filippini said she has been a cattle rancher in Lander County for 31 years. She said that the bill only applies to irrigation, not to domestic use or stock water. She said it is still important as they raise their own feed and would not survive as a rancher unless costs begin to go down. An accounting of power costs from her ranch is attached as EXHIBIT C.

Ralph Cromer from Utility Consulting Associates said he was appearing on behalf of Mr. A. C. Evans, of Winnemucca Farms. Mr. Cromer read a statement into the record for Mr. Evans. The statement is attached as EXHIBIT D.

Mr. Cromer suggested that on line 11 it be changed to read "interruptible rate."

Tom Foote, Northern Nevada Irrigation Commission and the Nevada Farm Bureau Federation, said he was in favor of the bill. He said agriculture is Nevada's third largest industry, but spiraling electric costs are threatening the very existence of a goodly portion of this industry. He said electric rates have tripled since 1974.

Mr. Foote said the Northern Nevada Irrigation Well Users Committee has solicited irrigation users to voluntarily contribute 40¢ per horsepower towards hiring consultants. The consultants have addressed many areas and now say the only realistic approach is interruptible rates.

Mr. Foote said he has concerns about the mechanics of the process but at this point they will accept interruptible rates as their only hope for reduced costs.

He said personally he does not see how he can shut his pumps off for 4-6 hours per day; he said 2 maybe 3 is feasible.

John Clark, Deputy Commissioner with the PSC, said he is in opposition to the bill, not necessarily in opposition to interruptible rates. He said beginning on September 2nd, the Commission will be holding public hearings on interruptible rates.

He said that if users have the ability to go to the higher rate at any time without a penalty, the benefits to the utility are lost. He said the higher rate is just the cost during that period, not additional revenue to the utility. Many committee questions followed.

Robert Silva, Rate and Tariff Specialist, said he did not have specifics except on irrigation before him, but could go back and get it for the committee.

Mr. Cromer said that the committee was discussing an interruptible gas rate for Reno a few years back. He said the irrigation rate started out as an interruptible rate and was changed around 1978. Then, he said, they were charging a "fully allocated cost of service." He said the power companies costs did not change, just their method of charging customers. He said it is for this reason that his client is asking they go back to an interruptible rate schedule, so that the pricing schedule is changed.

Mr. Clark discussed with the committee the interruptible rate program that Nevada Power Company has been using.

Mr. Rusk was concerned that one group was singled out for cost relief when all users have suffered from the cost increases.

Mr. Clark said it was erroneous to determine that this lower pricing structure would not have an effect on other groups of users. In answer to a question, he said using the lowest rate available does not mean that any profit at all is left to the utility. Some rates are below cost, he said, and this is why the Commission would like to hold hearings on this matter in September.

Andrew Barbano, Coalition for Affordable Energy, distributed a five-page study plus the credentials of the author of that study, both attached as EXHIBIT E AND F.

Chairman Robinson closed the hearing on AB 580 and opened it on AB 581.

AB 581     CLARIFIES PROVISIONS RELATING TO THE TERM OF CREDIT LIFE AND CREDIT HEALTH INSURANCE.

Patsy Redmond, Acting Insurance Commissioner, said this bill was produced by the Insurance Division due to a problem arising in the Consumer Services Section of the Division. They would like the bill to indicate that the insurer is obligated through the time of the indebtedness. She suggests that on line 18 of page 1 to delete the full subsection 4 and insert "The term of the insurance must remain in effect until the indebtedness has been paid in full if payments have been made on time. If the indebtedness is discharged by renewal or refinancing before the date on which it would be repaid if payment had been made on time, the insurance in force must be terminated before any new insurance may be issued in connection with renewed or refinanced indebtedness. In all cases of termination before schedule maturity, a refund must be paid or credited as provided in NRS 698.090." Ms. Redmond said this amendment may not be clear enough yet, and asked permission to return later with a better redrafted amendment.

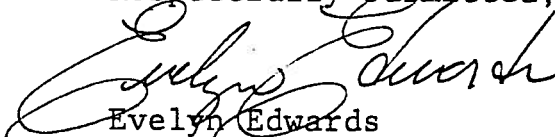
Dr. Robinson said that was fine as long as they did it quickly so that this bill could be processed. With that the hearing was closed and opened on SB 493.

SB 493     REQUIRES NOTICE OF NONGUARANTY OF CLAIMS AGAINST INSOLVENT INSURERS UNDER SURPLUS LINES COVERAGE.

Patsy Redmond said this is a clean-up bill, simply adding on the face of an insurance contract that if the insurer is found insolvent, a claim under this contract is not covered by the Nevada Insurance Guaranty Association Act. This is on surplus lines only.

Chairman Robinson adjourned the meeting.

Respectfully submitted,

  
Evelyn Edwards  
Committee Secretary

ASSEMBLY MERCE COMMITTEE

GUEST LIST

DATE: 5/6/81

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK		
		FOR	AGAINST	BILL NO.
Marian Filippini	Agriculture in Lander County	X		AB 580
Leroy Horn	Agriculture in Lander County	x		AB 580
Tom Foote	NORTHERN NEVADA IRRIGATION COMM.	X		AB 580
RALPH CRANE	WINNEMUCON FARMS	✓		AB 580
JOHN CLARK	PSC		✓	AB 580
Kevin Bon...	...			58 493
Bob. Sk...	Neu. Trial Law...			AB 496
John Borden	Neu Auto Franchising Assoc.			
B. J. Smith	AAA.			496
J. B. Anderson	P.P.A.	✓		496
Katey Redmond	Insurance Assoc.	✓		58 493 AB 581
ANDREW L. BARBANO	Coalition For Affordable Energy	✓		AB 580

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

Section 1. Chapter 690B of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. Except as provided in subsection 2, an insurer and a named insured may agree to provide, in a contract of insurance or in a separate writing made a part of the contract, that while an insured vehicle is actually operated by any natural person designated by name coverage under the insurance contract does not apply to the person so designated or to any other person who would otherwise be entitled to claim the benefits of coverage for:

(a) Damage to a motor vehicle or liability for damage to property;

(b) Medical payments; or

(c) Payment of tort liability.

2. This section does not apply if the contract of insurance cannot be terminated by the insurer.

Leroy Horn  
DOWERY

Raised 0369 ~~to~~ Exhibit B

1974 -	K.W.H	1.85	Payed
5-10 MONTHS	335,375 = <del>0.185</del>	#	6,209.32

<del>1975</del> 1975		2.65	#
5-9	162,103		4,297.17

1976		3.34	#
4-10	227,974		7,620.00

1977		3.75	#
5-10	231,600		8,698.94

1978		3.11	#
6-9	182,880		6,244.46

1979		3.49	#
4-9	197,760		6,910.13

1980		5.54	#
5-10	306,912		17,009.59

1975			#
Steers	ave. 490	@ 29.5	14,415.5

1976			#
Steers	504	@ .45	226.80

1977			#
Steers	301 <del>300</del>	@ 38.5	195.19
1978			#
	597	@ .62	370.00
1979			#
	573	85	480.05
1980			#
	649	71.5	464.00

300%

160%



CASH DISBURS

MONTH

CHECK NUMBER	CHECK ISSUED TO		DEPOSITS		0385	22701	22741	22751	22801	23001	23101	23251	23501	23401	234001	Total	
			AMOUNT	DATE													1978
1978	BALANCE FORWARD				Post		8	Director	Hansen	Mailin	Shop	Conrad	Stock			HP	Rawls
1	Jan	291.88															291.88
2	Feb	260.09															260.09
3	Mar	231.99															221.99
4	Apr	241.51															241.51
5	May	181.57															181.57
6	June	1500.85															1500.85
7	July	2994.71	25.20.19 Thomp														2824.71
8	Aug	<del>4587.61</del> 3653.72															1137.69
9	Sept	4586.95	18.2.18														2112.17
10	Oct	1359.58	21.77														548.10
11	Nov	783.40	96.77														372.66
12	Dec	303.34	18.34														216.51
13		19,257.51	8202.97														12430.06
14	Total	27,490.48															
1979	Jan - Home		Thompson														
16	Jan	283.84	50.23														272.29
17	Feb	380.69	10.25														244.13
18	Mar	292.20	21.79														276.68
19	Apr	286.87	16.12														
20	May	<del>3389.88</del> 2069.68															261.89
21	June	3779.08	<del>2927.98</del>														1494.11
22	July	4974.84	3190.24														
23	Aug	10,003.35	(3448.50)														1758.42
24	Sept	7210.72	(3226.73)														6551.16
25	Oct	3659.12	(2053.52)														1688.31
26	Nov	2191.49	(1207.81)														1536.73
27	Dec	245.54	(221.78)														959.30
28	Jan	246.49	284.8														223.76
29	Total	40,494.35	(17484.47)														15716.28
30	1979	<del>40,840.84</del>	(17444.94)														

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EX C

1978 Nat Springs

16	17 0385		18 27052		19 27432		20 27002		21 27102		22 26802		23 MISCELLANEOUS		24
	26702		27052		27432		27002		27102		26802		25 DESCRIPTION	26 AMOUNT	
1978	S Pump	N E Pond					Stroke			S Pump			Total		
Jan	832.25													1	
Feb														2	
Mar														3	
Apr														4	
May														5	
June														6	
July	832.25	61.44	463.51	17.00	202.77	946.74						2520.19		7	
Aug 23	1146.34	53.27	963.23	25.02	4.11	1461.57						2653.72		8	
Sept 23	964.77	22.10	160	1788	160	884.23						1892.18		9	
Oct 10	910	160	160	627	160	160						2147		10	
Nov 7	8105	160	160	623	409	160						9617		11	
Dec 14	160	160	160	623	511	160						1834		12	
												8702.07		13	
												Surpluses 123.44		14	
1979														15	
Jan 22	56.69	160	160	623	186	8434						50.73		16	
Feb	10.60	160	160	623	362	160						10.75		17	
Mar	21.28	160	160	623	362	446						21.79		18	
Apr	16.24	160	512	115	367	314						16.12		19	
May	263.488	320	83139	3392	76197	123658						3797.98		20	
June	12.20					42448						4244		21	
July	998.61	160	75182	718	21492	87946						3190.24		22	
Aug 21	852.94	924.59	116345	536	49580	92939						5174.95		23	
Sept	102344	146289	112521	469	167	106959						3448.54		24	
Oct	34723	821.60	89223	404	160	80682						2053.52		25	
Nov	56399	62747	264	588	519	62747						1207.81		26	
Dec	264	264	264	254	868	264						2178		27	
												22549.30		28	
												Surpluses 22465.85		29	

ANALYSIS OF MISC. COLUMN		1385		00051		00101		01501		00301		00401	
ACCOUNT NO. OR DESCRIPTION		Hay Stock		H.S. Description		Farm Stock		Farm Stock		Farm Stock		Farm Stock	
Total													
Jan			125										
Feb			160										
Mar			320										
Apr			320										
May			160										
June													
July													
Aug				125								1164.65	
Sept				160								1290.22	
Oct	2438			320		174						612.66	
Nov	68			320		739						324.82	
Dec	2438	5920		160		539				1578		160	
													3893.53
1979													
Jan 20	1964	125				969		710				160	
Feb	4119	125				633		1089				2272	
Mar	2027	125				613		1109				160	
Apr	2782	250				250		1162				320	
May	1750.68	125				306		125				1743.87	
June	1485.67	125				275.18		125				1246.44	
July 10	1735.88	125				1137.61		125					
July 30						160		125				1292.92	
Aug	375	125				credit		125					
Sept	2295.68	1135				credit		755				2291.53	
Oct	68.96	140				credit		938				5141	
Nov	2138	531				credit		261				261	
Dec	2438	261				credit						1382	
													6658.16
TOTALS													

573

CASH DISBURS

MONTH

CHECK NUMBER	CHECK ISSUED TO	DEPOSIT		MONTH												Total Name	
		AMOUNT	DATE	2385	22701	22741	22751	22801	23001	23101	23251	23501	93401	234001	Bank		
	BALANCE FORWARD		1980														
1	Jan	484.95	346.49	1	Jan 18	264	264	1220	3087	3685	3701	4023	264	2860	264		2742
2	Feb	304.45	296.94	2	Feb 15	270	270	939	4168	5720	271	2493	270	2111	270		7894
3	Mar	5202.80	484.95	3	Mar 17	270	270	13706	2688	802	363	2099	270	3274	270		34000
4	Apr		391.45	4	Apr 14	270	270	17105	3511	5833	375	1550	270	2625	270		32186
5	May		5202.80	5	May 13	64083	1709	15759	2948	7367	5942	1243	30977	2877	32746		165151
6	June		9559.55	6	June 17	172619	96709	16413	3248	6980	3271	267	97972	2297	270		350649
7	July		9188.47	7	July 17	172502	270	12653	3536	7480	8218	267	270	2228	270		207322
8	Aug		20111.82	8	Aug	213509	251006	18437	3167	7782	14062	267	201889	3303	195925		913877
9	Sept		19006.48	9	Sept	195543	18869	15553	3957	10455	15033	269	22238	2088	8299		292704
10	Oct		5004.45	10	Oct	104208	2294	14313	3901	8925	12722	271	1976	863	1798		151276
11	Nov		1948.96	11	Nov	41771	846	25464	4081	8533	4773	807	270	888	270		87737
12	Dec		632.83	12	Dec 15	277		25133	4179	7287	524	861	277	1015	277		39910
13			72,175.15	13		915586	37277						362963		240439		
14	Thompson		31,410.62	14													23,099.8
15			40,764.53	15													18,917.65

BLS

Thompson 1980 Walbridge

16 1980	17 0385		18 27052		19 27452		20 27002		21 27102		22 26802		23 MISCELLANEOUS		24 AMOUNT	25
	SE	Jan	NO	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Jan 18		264		264		264		21	18		774		264		3948	1
Feb 15		270		270		270		44	75		572		270		6127	2
Mar 17		270		270		270		22	50		308		270		3638	3
Apr 14		270		270		270		7	13		270		270		2123	4
May 13	1088	35		270		1293		35	462		475		1016		3410	5
June 17	1277	32		270		770		37	246		888		73		1410	6
July 17	1207	38		270		1253		60	3702		1297		60		4766	7
Aug 15	1913	42		270		2002		82	1310		1130		83		2521	8
Sep	1788	59		272		1539		42	277		1178		94		1913	9
Oct	1417	29		274		882		35	814		620		44		910	10
Nov	326	51		270		2678		5	76		92		606		380	11
Dec	277			277		277			94		66		5		277	12
															3410	13
															1074	14
1981															114	15
Jan		280		280					9		241		4		280	16
Feb		280		280					13		178		6		280	17
Mar		280		280		280			3		21		2		286	18
Apr		280		280		280			7		65		2		280	19

ANALYSIS OF MISC. COLUMN		1385	00101	01501	00301	00401
ACCOUNT NO. OR DESCRIPTION		00051				
Total		High Stock	Miscellaneous	Farm Stock	Furniture	Furniture
Jan	2259	261	270	2024	770	264
Feb	4935	269	270	2184	1940	272
Mar	10857	5610	272	2749	1758	270
Apr	4836	654	270	1556	2082	272
May	14070	977	272	2532	534	9757
June	169855	274	166577	286	271	168752
July	234869	3347	140801	2165	269	61511
Aug	238294	2605	98525	229	269	194900
Sep	206926	2074		2604	267	201435
Oct	"	2070		5792	269	245024
Nov	"	525	272		605	
Dec	12248	2719	272	3171	1240	4350
	1353960					
	1000759	22331	407529	26392	10714	886807
1981						
Jan		2715	270	3614	3552	563
Feb		2129	270	1816	1969	280
					164	886807
TOTALS						

575

As the largest user of irrigation power in northern Nevada we would urge your support of AB 580. You are surely aware of the ever escalating costs of energy and the tremendous squeeze on agriculture which already faces extremely thin margins of profit.

We feel confident of being able to meet competition in our industry on an equal footing; however, two areas of major benefits our competition enjoys is generally more favorable freight rates and substantially improved power rates.

We expect to have to bear increasing fuel costs as we realize the necessity of passing on such burdens to remain solvent even though agriculture finds it often cannot "pass on" our increasing costs. We must, however, take all measures possible to protect our fragile agriculture economy in northern Nevada from being costed out of business.

AB 580 is a measure providing a protective element badly needed by agriculture without imposing any burden on other utility customers. In fact, it does not even appear to alter what we now have in utility rates, except to provide for an interruptible service, but does provide: (1) lower rates if and when we can arrange for some mutually beneficial interruptible rates, and (2) protection against imposition of capacity costs over that of an interruptible rate schedule. It also permits the utility to meet the growing demands of the fully organized and most fundamental American industry -- irrigated agriculture -- without building expensive new base load facilities.

Your full support of AB 580 is most earnestly encouraged as a protective measure which should have no detrimental affect on the balance of your Nevada constituency.

## RATE AND TARIFF ANALYSIS

Exhibit E

by

Leigh A. Riddick

In an effort to judge the consequences of all the pressures on regulation in Nevada, a preliminary review was made of the tariffs on file in Nevada for two major electric utilities, Sierra Pacific Power Company and Nevada Power Company. The results clearly show that these pressures have resulted in deficient regulation in Nevada.

An example of effective regulation is designing rates based on concepts of cost of service. Such rates take various forms based on the characteristics of the company being examined, but certain general principles apply to almost all utilities. Some of these more basic results are absent from the tariffs examined. For example, the following are common characteristics of cost-based rates:

- seasonal differentials in which energy charges vary by season, as the utility's costs vary.
- fixed customer charges unrelated to consumption.
- time-of-use rates in which charges vary by period of the day as the utility's costs vary.
- load management rates which offer the customer a discount for allowing the utility to control the amount of power he consumes during high cost operation periods of the utility.
- cogeneration rates to encourage the use of alternate energy sources.
- class divisions based on cost characteristics of customer usage patterns.

All of these characteristics are incorporated into tariffs to encourage efficiency and conservation in energy use. The rates are intended to inform the consumer of the cost associated with his energy use. However, it should be noted that rates are not based entirely on cost, but tempered somewhat by other considerations such as customer impact. However, the characteristics listed above are basic to cost-based rates.

Seasonal differentials are absent in all of the rates examined, yet certain areas of Nevada have extreme seasonal differentials usually associated with extreme cost differences. Such differentials are one of the first basic cost characteristics usually recognized in rate design.

On the other hand, optional time-of-use electric rates are on file for large customers of both Sierra Pacific Power Company and

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Nevada Power Company. Such rates are a much more sophisticated cousin of seasonal rate differentials. Seasonal rate differentials are used to show customers that many of the costs of the utility are geared to its need to expand plant to meet peak demands.

Much of the plant of a company with a sharp peak in demand will be idle in off-peak months, but still must be financed and maintained in good working order. In addition, peak plants usually require more expensive fuel. Peak users create the need for this plant: having higher rates in peak periods informs customers of their responsibility for these costs.

Similarly, many costs of the utility---mostly fuel and maintenance costs---vary during the hours of any given day as demand fluctuates and different running costs are incurred. However, the time-of-use rates on file at the Public Service Commission of Nevada are unusual in two respects which considerably lessen their effectiveness. First, the rate differentials are very, very narrow:

Sierra Pacific Power Company <sup>1</sup>		
Period	Rate	Differential
On-Peak	5.068¢	} 0.605¢ } 0.209¢
Mid-Peak	4.463¢	
Off-Peak	4.254¢	

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<sup>1</sup>Source: Sierra Pacific Electric Tariff, No. 1, 8th Revised  
P.S.C.N Sheet No. 68.

Nevada Power Company<sup>2</sup>

Period	Rate	Differential
On-Peak	3.920¢	} 0.653¢
Off-Peak	3.267¢	

It is generally accepted that the differential between such charges must be at least 2¢-3¢ to be meaningful in reflecting cost differences. Clearly, the 0.6¢ and 0.2¢ differentials in the existing rates suggest inadequacies. Additionally, the time periods to which the Nevada Power rates apply are too long (11:00 a.m. - 9:00 p.m.: 10 hours) to allow much flexibility in customer use. Also, the sharp edges of cost differences associated with time of electricity use are blurred as those differences are averaged over longer and longer time periods.

These rates are clearly inadequate, but an even greater problem exists in the dual facts that the time-of-use rate for Sierra Pacific customers is an optional rate and the alternative rate for the customers is a declining block rate.<sup>3</sup> Declining block rates encourage use at all times because the average price per kilowatt hour declines as usage increases. No customer who desires to lower costs would be likely to choose the optional rate unless the kilowatt hour charges under the declining block rate greatly exceed the optional charges. However, this is not the case as the following comparison shows:

Sierra Pacific Power Company

Time-of-Use Charges		Declining Block Charges	
On-Peak	5.068¢	1st 150 Kwh	4.515¢
Mid-Peak	4.463¢	Next 150 Kwh	4.358¢
Off-Peak	4.254¢	Next 150 Kwh	4.212¢
		All Remaining Kwh	4.014¢

<sup>2</sup> Source: Nevada Power Tariff No. 1-B, Third Revised P.S.C.N. Sheet No. 15.

<sup>3</sup> Source: Sierra Pacific Electric Tariff No. 1, 8th Revised P.S.C.N. Sheet No. 67.



Clearly, the declining block charges will be less than any time-of-use scenario because the minimum cut off for entry into this class of service is 1000 Kwh. This means that any customer in this class will hit the 4.014¢/Kwh billing range under the declining block rate, which is less than the lowest time-of-use charge of 4.254¢. In addition, the average rate for a customer using only 1000 Kwh--a highly unlikely event--will only be 4.170¢/Kwh. Again, this average rate is less than the lowest time-of-use rate. To reiterate, there is no way a large user can save money on energy charges by being on the time-of-use rate. Demand charges on the tariffs are so similar that there is no need to discuss them. In summary, the time-of-use rates on file in Nevada are of form only and no meaningful substance.

The only load management rates are irrigation or water pumping rates. Load management rates are offered to allow customers an alternative way to receive their energy that will lower both their own costs and those of the utility. Usually, the customer allows the utility to directly control his load during peak hours or it is indirectly controlled by him. For this control he receives either a credit or a lower rate.

Nevada Power Company offers a water pumping customer a lower kilowatt charge for the privilege of being able to interrupt service to him when his demand exceeds 299 kilowatts in any one month.<sup>4</sup> However, the timing of interruption is not directly tied to the timing of the utility's system peak. This is unusual since the utility's interest in curtailing demand is related to the potential for decreasing costs during its peak. The rate does tie demand charges to time of electricity use, but customers are only directly charged for demand levels during curtailment. This denies any cost principle associated with load management or interruptible rates. In essence, the

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<sup>4</sup> Source: Nevada Power Company, Tariff 1-B, Third Revised P.S.C.N. Sheet No. 18.

customer pays for the demand level after curtailment but receives no credit since his demand charges are at levels equivalent with other customers' demand charges. Additionally, these customers are not currently eligible for the time-of-use rates on file.

Sierra Pacific Power Company's irrigation customers have no control options, and again are not eligible for time-of-use rates. The implication of these facts is that these customers have no meaningful load control (and thus no cost control) option.

In summary, these Nevada utilities offer no load management incentives for their customers and they are thus promoting costly inefficiencies in energy use. Great potential exists for savings to both the utilities and their customers through controlling many loads, such as water heating, air conditioning, space heating and even some manufacturing loads. Such rates have been well-received and quite effective in other states.

No co-generation rates are offered by either utility, which again discourages wise energy use.

Due to time limitations and the complexity of analyzing usage patterns, this analysis does not include a discussion of the classification of customers into tariff groups based on cost characteristics.

RESUME

Exhibit F

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EDUCATION

College (Undergraduate): Bachelor of Arts in Business and Economics, Hendrix College, Conway, Arkansas, May 1975; Major: Economics.

College (Graduate): Master of Arts, University of Arkansas, Fayetteville, Arkansas, May 1977; Major: Economics.

College (Graduate): Currently enrolled in Ph.D. program in Economics, University of Wisconsin, Madison, Wisconsin.

CONSULTING EXPERIENCE

Office of the Attorney General, State of Arkansas, Division of Energy Conservation and Rate Advocacy--Rate design witness; time of use rates for major electric utility.

Office of the Attorney General, State of Utah, Committee of Consumer Services--Cost of service witness; marginal cost of service study for major gas utility.

City of Denton, Texas-- Subcontract with Management and Research Consultants, Inc. (MARC) to provide PURPA compliance manual, cost of service, and design rates for the municipal electric company.

Wisconsin Environmental Decade--Rate design witness; seasonal differential for large private electric utility case.

Wisconsin Environmental Decade--Rate design witness; load management tariffs and credits.

Office of the Attorney General, State of Arkansas, Division of Energy Conservation and Rate Advocacy--Electric rates; administrative review of three pending cases for major private electric utilities.

Office of the Attorney General, State of Arkansas, Division of Energy Conservation and Rate Advocacy--Technical review of marginal cost pricing literature and the application of the theories for staff use in various proceedings.

PRIOR MEMBERSHIPS AND HONORS

National Merit Scholar  
Omicron Delta Epsilon (Honorary Economics Society)  
NARUC Staff Subcommittee on Economics  
NARUC Staff Subcommittee on Cost Allocation  
NARUC Staff Subcommittee on Computers

PAPERS AND PUBLICATIONS

"Identification of the Seasonal Period of Energy Sales with Box-Jenkins Models", proceedings of NRRI/NARUC Biennial Regulatory Information Conference, October, 1978. Joint author, John C. Pickett.

"An Alternative Regression Technique for Analyzing Load Management: An Introduction to Switching Regressions", proceedings of NRRI/NARUC Biennial Regulatory Information Conference, September, 1980. Joint author, John C. Pickett.

PRIOR EMPLOYMENT

January 1979  
to January 1980

Rate Analyst IV, Wisconsin Public Service Commission, Hill Farms State Office Building, 4802 Sheboygan Avenue, Madison, Wisconsin, 53702. Immediate supervisor: Terrance B. Niccolai.

Responsibilities: Full performance level professional public utility rate analysis work. Required the performance of highly complex and advanced cost of service studies and economic analysis in the design of rates for the largest formal public utility rate proceedings. Responded to complex rate design inquiries and complaints. Independently provided specialized cost studies, economic studies, engineering studies and cost related rate studies. Assisted in direction of work and training of less experienced staff members.

March 1978  
to January 1979

Chief Rate Analyst, Arkansas Public Service Commission, Justice Building, State Capitol, Little Rock, Arkansas, 72201. Immediate supervisor: John S. Choate, Administrative Director.

Responsibilities: Initiated and supervised activities of Rates Section personnel in investigative, research, and rate case work. Coordinated Rates Section activity with other Commission sections and agencies. Administered federal and state programs. Interviewed job applicants and trained new employees. Provided technical assistance to the Commission and represented them at public meetings. Reviewed PURPA. Primary

responsibility within Commission for implementation of alternative methodologies in costing and pricing. Testified in major rate cases. Worked closely with Finance and Research Section of Commission Staff on independent research projects. Reviewed all tariffs. Major contact with Commission Staff for utility personnel.

July 1977  
to March 1978

Rate Analyst III, Arkansas Public Service Commission, Justice Building, State Capitol, Little Rock, Arkansas, 72201. Immediate supervisor: Gary L. Goble, Chief Rate Analyst.

Responsibilities: Assisted Section Chief with administration of section and supervision of Rate Analysts Is and IIs. Special projects coordinator. Primary responsibility for electric utilities. Reviewed all submitted tariffs. Assessed and testified to the appropriateness of cost of service studies and rates submitted by utilities. Conducted alternative studies and designed rates when necessary. Drafted subsequent orders and briefs. Assisted Finance and Research Section of Commission staff with various projects.

September 1976  
to July 1977

Rate Analyst II, Arkansas Public Service Commission, Justice Building, State Capitol, Little Rock, Arkansas, 72201. Immediate supervisor: Gary L. Goble, Chief Rate Analyst.

Assessed and testified to the appropriateness of cost of service studies and rates submitted by utilities. Conducted alternative studies and designed rates when necessary. Primary responsibility for computer operations.

May 1976  
to July 1976

Research Analyst, Economic Analysis Associates, Fayetteville, Arkansas, 72701. Immediate supervisor: Donald Market, partner.

Responsibilities: Acquired and analyzed data on banking industry in northwestern Arkansas. Aided in preparation of testimony for presentation before State Banking Committee.

August 1975  
to May 1976

Graduate Research Assistant, Department of Economics, University of Arkansas, Fayetteville, Arkansas. Immediate supervisor's: Donald Market, Department Chairman; Charles R. Britton, Associate Professor.

Responsibilities: Analyzed U.S. Census data for migration study of labor market. Assisted in computer analysis of data acquired. Graded papers.