

MEMBERS PRESENT: Chairman Mello  
Mr. May  
Mr. Prengaman  
Mr. Redelsperger

MEMBERS EXCUSED: Mr. Schofield

GUESTS PRESENT: Please refer to the guest list attached to the minutes of this meeting.

Chairman Mello called the meeting to order at 8:03 A.M. Mr. Mello asked that the record show that there is one member excused because of a serious illness in the family. Mr. Schofield's father had a heart attack.

Mr. Mello stated that the Subcommittee would proceed to Item of Business number 2 on the Agenda, which is attached to the minutes of this meeting as EXHIBIT A, which was comments from legislators.

Assemblyman John DuBois from District 2, Clark County, testified first. Mr. DuBois indicated that he had a prepared statement which he would read for the Subcommittee which is attached to the minutes of this meeting as EXHIBIT B. Mr. DuBois stated that he would be glad to answer any questions from the Subcommittee afterwards.

Mr. Mello stated that he believed in what Assemblyman DuBois was saying, but that the only thing we had to be extremely careful of is overloading a new agency. The other thing is that I believe right now the Department of Energy is supposed to carry out a lot of the functions that you have addressed yourself to. Mr. Mello indicated that he would like Sam (Hohmann) to read to us what the duties of the Department of Energy are, because one thing we do not want to do is have a duplication of services.

Mr. Sam Hohmann, Senior Research Analyst stated that in N.R.S. 523, Section 111, there is a Board created and the duties of that Board are to recommend the state energy policy. Mr. Hohmann read that portion of N.R.S. 523, Section 111 to the committee which is attached to the minutes of this meeting as EXHIBIT C.

Mr. DuBois stated that that agency has apparently the power to recommend and suggest, but no power to really implement. I might point out that I was just looking through the blue book here that we just got yesterday (Mr. Hohmann's exhibit\* distributed to the Committee), and in Section 11 they cite twelve different utilities and I notice that four of those Arkansas, Missouri, Pennsylvania

\*Exhibit F

and South Carolina, I believe, actually give the responsibility for rate structuring and energy conservation to their Consumer Advocate Office. Let me read on that point. For instance, in Arkansas, which its very name implies what I am talking about, which is a division of energy conservation and rate advocacy activities. They list here - Mr. Hohmann has listed four items which are their basic responsibility. In Item 2 - the promotion of rate structure reform which will foster equity reduced growth in peak demand and the need for additional construction of generating plants, and encourage energy conservation and the development of alternative energy sources. That is exactly what I am talking about.

Mr. Mello stated that that was one thing the Subcommittee would be looking at but the one thing that he was saying is that we must be extremely careful in trying to save a dollar today that we do not have duplication in government. We have enough of it now.

Mr. DuBois stated that he agreed.

Mr. Mello stated that as far as the states that Mr. DuBois mentioned what number of staff they have. It has been recommended by most people that we begin with a very small staff. It is something that we are going to be looking at and he thanked Mr. DuBois for bringing it to the committee's attention.

Mr. Prengaman stated that he had a comment rather than a question with regard to Mr. DuBois' testimony. He stated that he believed Mr. DuBois had a good point and also in the packet which Mr. DuBois had put together for the committee today was a study by a man named Gormley. He looked at public advocates. He looked at grass roots, in other words groups that formed and he also looked at sort of professional advocates. He asked them what their value priorities are and both groups - the number one value priority was conservation, so I think it creeps in. You get an advocate who is representing people and really that value creeps into his psyche and it is there whether he mandated it to or not. That value concentration is there in that advocate. Mr. Prengaman stated that at least it seemed to be according to the study.

Mr. DuBois stated that it was a very realistic thing. It is happening.

Mr. Redelsperger stated that the staff in Arkansas was four people.

Mr. Mello stated he would like to, if the committee could, not to start going through Mr. Hohmann's exhibit, because the committee would be discussing that when Mr. Hohmann testified.

Assemblyman Bob Rusk, Assembly District 28, Reno, testified next.

Mr. Rusk stated that he ran for election as we all did a year and a half or so - it seemed like only yesterday. The job he has been in in the last six weeks - I have lost all track of time, but one of the things that was discussed hotly in Washoe County was the idea of what to do about representing our problems regarding the utility rate increases. The catchy little phrase that I came up with was entitled "ratepayers defense project" and that came from experience that I had as a county commissioner in the mid 1970s and I would like to go through briefly just a page and a half of information that I think alludes to what we were able to accomplish there at that time and I think it might work at the state level.

Very simply, the proposal envisions having the state retain on an as needed basis the best representation available in a highly specialized field of utility rate adjustment hearings. As it stands now, the utility companies can afford to hire the highly priced specialists, lawyers, accountants and economists to represent them at utility rate adjustment hearings and all too often here in Nevada the personnel of the government agencies charged with the responsibility of protecting the rate payer cannot match the kind of expertise exhibited by the specialists. Perhaps the most frustrating aspect of all of this is that the ratepayers through our monthly bills, end up paying for the specialists that argue against us at the rate utility adjustment hearings.

What I propose is not to create a new super governmental agency which would eat up tax dollars and still not give us the kind of quality representation we need at utility rate hearings. My experience with the project in Washoe County convinces me that by utilizing the very best available talent in the utility rate adjustment field on a contract basis can save money, and, more importantly reduce results. The victories against the power companies that we experienced, and there were others against the phone company, were made possible because the rate payer had qualified experts' representation to rebutt the highly technical arguments put forth by the power company and utility companies in general.

In order for us to be adequately protected against future utility rate increases, I think it is imperative that we establish a ratepayers project at the state level. A state legislative counsel bureau report which I requested clearly points out that there are ample funds within the Public Service Commission's authorized budget ceiling to retain specialized counsel to battle the utility rate companies on behalf of - or without the continuing cost of establishing yet another governmental agency. I believe that the Washoe County experience illustrates that this is the only way in which the utility rate will be guaranteed a fair chance against the highly powerful and talented group contained

within a utility rate company's arsenal.

Briefly detailing what happened in 1975, Washoe County organized against the first rate increase request from Nevada Bell, Washoe County put up \$10,000, Carson City \$2,500, Winnemucca \$2,000, Mineral County \$500, Humboldt County \$2,000, and Lander County \$1,000 for a total of \$18,000. In behalf of the defense against Sierra Pacific Power Company there was Washoe County, Mineral, Carson, Nye, Churchill, Lyon, Pershing, Lander, Humboldt, Winnemucca, put up a total of \$27,000. We then went out and hired the best experts in the country through the District Attorney's Office to assist them with preparing their case in these rate hearings. Here is what we achieved. Under the Nevada Bell requests, we achieved a near 100% victory on an overall rate of return. We supported an 8.51% overall rate of return, and Nevada Bell asked for 10.46%. They produced Professor Ezra Solomon, Dean Witter Professor of Finance at Stanford University to support Bell's request. The PSC granted an 8.60% overall rate of return, within 9/10th of a percent of our recommendation. The directory assistance charge of 25¢ was defeated. The across the board increase for all services except lifeline services and toll service rates, as an example, when you make calls out of the local area but within Nevada, was 7% rather than 20% requested by Nevada Bell, and lastly the public telephone local calls were set at 15¢ rather than the 20¢ requested by Nevada Bell.

Sierra Pacific Power Company asked for an 11.2 million dollar and they were cut by \$7,000,000 to 3.77 million. The PSC lowered the Sierra Pacific Power Company's overall rate of return from 9.47% to 9.36%. Sierra Pacific was asking for 10.33%. So these are some examples of some of the things that I think thoroughly show that by hiring - and I don't recall the exact costs of these individuals - but it was my impression that they were the \$100 an hour type of individuals who would come in - you could never afford to have them sitting at the state level or in any consumer advocacy office on a year round basis, but you certainly in the case of the state allowing perhaps the attorney general to determine on a case by case basis where he needed the expertise to make a good presentation in front of the PSC. Again, we spent about \$40,000 and showed some major results.

I would hope too that we could keep in mind that in trying to accomplish this we not go overboard in creating a bureaucracacy and we keep talking about this and I think it is sincere on the part of what we are trying to accomplish. I do subscribe to the fact that we will need somebody in an office - I don't know how many people, but not more than a couple I would hope - to keep on top of all of the rate requests that are made from all of the utilities throughout the state and keep the attorney general informed as to what he might want to do in hiring these experts. I would also hope that we could keep in mind that we are going to be most effective if the attorney general perhaps has the additional

authority that if he disagrees with what is handed down by the PSC that he could go a step further and take it to the courts and let the courts finally determine what the increase or lack of increase would be.

Mr. Mello asked if Assemblyman Rusk would leave the material he had used in his testimony for the secretary. Mr. Rusk's exhibits are attached to the minutes of this meeting as EXHIBIT D.

Assemblyman Westall testified next. She stated that the Subcommittee had ask her for some of the information on the mill tax which is here at the last hearing. Mrs. Westall's information on the mill tax is attached to the minutes of this meeting as EXHIBIT E.

Mrs. Westall stated that on the second page of her handout, there was an amendment to define the consumer. There was some talk of this at one of the hearings and so she had asked for a way to define the consumer. The amendment that you have before you would give two classes of consumers, the residential and the small commercial. It would leave out only the large commercial. They have and always have at their representation at the hearings by way of their own attorneys and so I feel that the two areas that have not had the representation should be the ones that the advocate's office should service.

Mrs. Westall stated she would like to make a comment on Mr. Rusk's comments. She stated that she believed that in the proposals that we are looking at do allow for outside consultants on occasion and I think that is the way to go if we have a small office which seems to be the concensus.

Mr. Mello asked if there were any other legislators who wished to testify at this time.

Mr. Mello stated that he believed everyone in the audience knew that it had been voted on by the committee of the whole of Government Affairs that we coincide the Initiative Petition and it appears that it would be a new piece of legislation and he stated that he would ask the committee chairman to take it to the floor when it is developed and ask permission to have all legislators who wish to go on the bill have their name put on there. Mr. Mello further stated that anyone who wished to testify to this today should keep their remarks germane to the Initiative Petition.

Mr. Hohmann testified next. He stated that he had put together a number of memoranda and they have been compiled in the blue covered form, attached to the minutes of this meeting as EXHIBIT F.

Mr. Hohmann stated in the compiled series of memoranda he indicated he would like to first turn to item number 4 which is an analysis

of the Initiative Petition.

Mr. Hohmann stated he would just like to review with the Subcommittee the provisions of the Initiative Petition.

Mr. Mello asked if Mr. Hohmann had any extra copies of EXHIBIT F for members of the audience.

Mr. Hohmann stated that he had brought ten copies.

Mr. Mello then distributed the extra ten copies of Mr. Hohmann's exhibit to the members of the audience.

Mr. Hohmann stated that he had outlined the provisions of the Initiative Petition under Item number 4. Section 1 creates the division of consumer advocacy in the attorney general's office. It also lists the responsibilities of the new office to review applications by utilities to intervene for the PSC to initiate or intervene in judicial review, to participate in the PSC decision appeals and to represent the people of Nevada and the rate paying public.

Mr. Hohmann stated that section 2 allows the cost of the attorney general's division of consumer advocacy subsequent to legislative budget approval to be paid out of the Public Service Commission's special revenue fund.

Mr. Hohmann stated that Section 3 allows the Public Service Commission to retain independent counsel when action is brought against it by the attorney general's division of consumer advocacy. It also requires the attorney general to submit an approved budget for consumer advocacy to the Public Service Commission.

Section 4 requires the Public Service Commission to pay the cost of the Attorney General's Division of Consumer Advocacy. It specifies that the budget shall be between 1/2 mill and 1 mill of gross utility intrastate revenues.

Section 5 provides for the appointment of the director by the Attorney General with legislative confirmation.

Mr. Hohmann stated he would like to then move on to his section of comments in this analysis which appears on page 3 of the analysis. The committee has indicated its interest in several aspects of consumer advocacy and the setting up of such an office.

Section 1 - the suggestion I have listed here is expanding the qualifications of the director of consumer advocacy. Mr. Hohmann referred the committee to item number 3 of this entire packet which summarizes statutory qualifications of consumer advocate and staff.

Mr. Hohmann then stated as he noted in the first section, many states whose consumer advocate is the assistant attorney general do not specify additional qualifications statutorily. In a couple of states it is simply a matter of the consumer counsel or public counsel being represented by the attorney general's office. A number of states specify that the consumer advocate shall be an attorney licensed to practice in that state and those states are indicated in that second section. In Connecticut the consumer counsel is to be compensated as same as the position of assistant attorney general. It does not say statutorily that he shall be a lawyer, but it implies that the position is equivalent to that.

Mr. Hohmann stated that seven other states make some very specific statutory language. It is of a general nature but it appears in the statute that the consumer advocate shall have knowledge and experience to practice in public utility proceedings as in the case with Georgia, Indiana and Ohio. In Connecticut, the law requires a strong commitment to an involvement in the efforts to safeguard the rights of the public. The Pennsylvania consumer advocate must be qualified to represent the interest of the consumers.

Again, these are statutory provisions that go beyond simply creating the office and appointing a consumer advocate.

Mr. Hohmann stated that with regard to staff, the second page of this, item number 3, indicates the kinds of statutory language that is used to provide for additional staff for the consumer advocate within the office of consumer advocacy. The kinds of things that are generally provided are to specify attorneys and additional experts. In some cases these additional experts are noted in terms of capital cost experts, rate experts, accountants, engineers, economists in the case of Indiana and other types of personnel, including stenographic and clerical.

Mr. Hohmann then indicated he would like to turn to section 4, the analysis section.

Mr. Hohmann stated that the final comment he had in regard to section 1 had to do with the definition of consumer advocate, and Mr. Hohmann further stated that we had heard from Assemblyman Westall in that regard. He stated that he had put together a memorandum which provides you with the statutory language from several other states in terms of the definition of consumer. (Section 11 of EXHIBIT F).

Mr. Hohmann stated that this language is unique to each state which is why it is included, but it is in general, the same type of language. A couple of the states, if you notice on the second page, for instance, Minnesota, Ohio, Utah and Wisconsin specify residential utility consumer within their statutes and go ahead

to define what a residential utility consumer is.

Some special provisions are made in a couple of places. Wisconsin includes farmers. Pennsylvania makes quite a bit of qualification about who qualifies as a consumer. Again, I won't go into detail with these definitions, but there are a series of definitions that are available. Mr. Hohmann stated he would be very interested in the definition supplied by Mrs. Westall. The secretary supplied Mr. Hohmann with a copy of Mrs. Westall's handout to the committee.

Mr. Hohmann then referred to Section 3 of tabbed item number 4. The subcommittee may want to consider deleting this section. This is the section that deals with independent counsel for the PSC, this being because there is the possible conflict of interest between the attorney general's office and the Public Service Commission in terms of representing both the adversary at a rate hearing and the Public Service Commission. New language would probably be added to require independent counsel by the PSC.

Mr. Hohmann then referred to Section 3 of tabbed item number 4, which refers to funding. Mr. Hohmann stated he believed it is difficult to anticipate as long as the statute would apply, what the range of 1/2 mill to 1 mill would constitute in terms of a budget. It may be a limiting factor. If the utilities had a particularly good year you would have a minimum requirement that would be very high for a budget so the committee may want to give that consideration. He referred to the mill assessment table that Assemblyman Westall passed out to the committee which shows a range of projected possible budgets through 1983.

Mr. Mello stated that if sufficient funds were not put into the contractual services area, which will probably be one of the most important areas in the budget, that we still have the interim finance and if they have exhausted their funds through rate hearings they can always come back to interim finance and ask for more money.

Mr. Hohmann stated he would like to add to that. Mill assessment is not the only way to fund the consumer advocacy office. It is the one that is proposed in the Initiative Petition and it the one that is used by a number of states, but there are also direct appropriations in some states for funding the office of consumer advocacy.

Mr. Hohmann stated he would like to move on to section 5 of tabbed item number 4, which talks about incorporating the appointment process into perhaps the previous section which addresses the creation of the office and the consumer advocate himself. In this regard, Mr. Hohmann stated he would like to draw the committee's attention to tab item number 6. This is a review of the appointment of consumer advocate in other states. As I indicated in the first paragraph the most frequent statutory provision is for appointment solely by the attorney general or by the governor with no legislative consent. However, several states do provide for legislative consent of governor's appointments. Senate consent is required in



New Jersey, New York and Pennsylvania. In Connecticut, consent of either house of the General Assembly is required. This is a rather interesting qualification, but indeed that is how the statute states the appointment process and confirmation. In North Carolina, the governor's appointment must be confirmed by the General Assembly in joint session. In Ohio, the consumer's counsel is appointed by a governing board. This governing board is appointed by the Attorney General with the advice and consent of the State Senate. So you have sort of a tiered effect here. You create a board that has the blessing of the attorney general and the state senate and then that board is responsible for the appointment per se.

In two states, Florida and Montana, we have a legislative appointment of the consumer advocate. In these states the office is basically a legislative office. It is under the direct control of a legislative committee. As I have indicated, in Montana, a legislative consumer committee is responsible for the appointment. Florida appoints the counsel by a majority vote of the members of the joint legislative auditing committee. In Florida there is also the requirement of annual reconfirmation of the appointment by this joint committee. The second page addresses the term of appointment. Very, very few states appear to establish a specific term other than that that would be associated with the appointing office, notably the governor or the attorney general. I did find two exceptions to that rule. Connecticut's consumer counsel is appointed for a five year term and the Indiana counsel for a four year term and as noted on the previous page, the Florida counsel must be reconfirmed annually.

Mr. Mello asked Mr. Hohmann if he had found any of the terms staggered say from the governor or the attorney general's office where it was located?

Mr. Hohmann answered that he knew that Indiana is an independent office. It is not with the attorney general so it is under a governor's appointment. I cannot remember in terms of Connecticut. In terms of a vacancy created say in Indiana where you have a four year term you will end up staggering it by the new appointment because the appointment will be for four years.

Mr. Redelsperger asked if Mr. Hohmann felt that we will have problems getting a qualified administrator if they served at the pleasure of the appointing officer?

Mr. Hohmann stated that he didn't think it made much difference either way. That's my opinion. Mr. Hohmann stated he guessed he saw it as a policy decision and indicated that he did not have any information that points in one direction or the other. One other thing I want to say in regard to appointment, there was a question raised among the subcommittee members about if there were legislative consent required in Nevada, how would we deal with an interim situation and through discussions with the research director, the precedent in Nevada is to operate through

the legislative commission. I would suggest that if indeed there would be some legislative consent, that you would give consideration to providing for interim appointment and confirmation as well through the legislative commission which seems like the most reasonable approach. This is kind of a legal matter and you may want to take that up with counsel.

There are some things that I have not addressed that don't appear in the Initiative Petition that have to do with the scope of responsibilities and I should qualify that. The scope of responsibilities of the Consumer Advocate are covered within the Petition, but as indicated by Assemblyman DuBois, some offices have a much broader scope than is indicated in the Petition. That is contained, as indicated, in tabbed item number 11, Scope of Responsibilities of the Consumer Advocate. I won't review that, but there are quite a number of things that are done by a variety of offices. Some offices are very large. Ohio has a large budget, a large staff and it gets involved in a lot of things that are related to the consumer, energy wise and non-energy wise. Smaller staffs confine themselves to those things that they can handle and you would find that to be the case in smaller offices that have smaller budgets and smaller permanent staffs.

Another thing that I have not addressed for the committee are some of the legal ramifications of authority and duties of the office. At the outset of the subcommittee's work, there was a policy decision that the Senate would work on certain things and the Assembly side would work on certain other things. I believe some of these legal implications were placed in the responsibility of the Senate side, while budget and staff and some of these aspects were taken on as duties of the Assembly side, so at this point, I haven't done any background work on some of the legal ramifications of authority and duties of the office.

Mr. Mello stated that we may have to look at that. It is my understanding that they are working on all of it now.

Mr. Hohmann stated fine. What I would like to do now is to draw your attention to staffing patterns and budget in general. If you will turn to tabbed item number 1, I have put together some information on a number of offices. There are a lot of holes in this data as you will find if you page through this section. There are also some good background definitions of job responsibilities, work experience and so on. I just want to page through this to indicate which state's data is of what value.

In terms of Arkansas, the types of work that are expected of staff in that office which has between four and six persons - that data that you are looking at in that report said four persons. I have talked to some of those people and they say six so I am not sure, but it may be five. At any rate, these are job descriptions

essentially and the kinds of duties that these people are expected to take on. In the case of Florida, we have similarly state personnel type job descriptions. I have in my files much more extensive job descriptions for each of these positions, but I have just pulled out sort of the day to day duties and the minimum experience and qualifications. These are all legislative positions in Florida which is why you see Legislative Analyst and attorney and so on, but they are part of the State Personnel System.

The kinds of people who work in offices like this is very much dependent upon the personalities of people who enjoy this kind of work, who are looking for this kind of work.

The specific backgrounds would not be minimum qualifications. I think that would be a mistake to consider these minimum qualifications for working in an office of Consumer Advocacy. At any rate, these are examples of background.

I have indicated some budget information and organization of the offices on some of these intermediate states. If you go back to Missouri, again, the limited amount of information I provided has to do with experience, background and training. In that office in Missouri, there are a couple of people who are in the Ph.D. category in economics. There is a CPA in the office with an MBA and so on.

The New Mexico office which is a small office, I have provided also here, some state personnel job descriptions basically for the attorney levels that they use in this office. The financial analyst that is listed up at the top under personnel, is a position that hasn't been filled yet but they are anxious to fill that position in the near future and, of course, that job description would indicate the kinds of things that that person is expected to do on a day to day basis.

Ohio - the description of staff in Ohio - these descriptions are not really staff descriptions. They are descriptions of the divisions of the office and to the extent that the division has a functional aspect to it and the staff of those divisions must perform those functions, you have an idea of the distribution of functions in those divisions from that listing.

In Pennsylvania, you again have an example of background of a Consumer Advocate in terms of the kinds of things that a person has done before he has gotten to that. The Pennsylvania Consumer Advocate has been with that office a considerable amount of time but also has a very interesting background and experience.

Mr. May stated that he noticed that the salaries ranged from approximately \$30,000 to slightly over \$40,000. Mr. May questioned whether this was a geographical thing and if some states had a tendency to pay more in salaries than the industrial states?

Mr. Hohmann stated that he would like to give the committee his observation. It has no scientific basis. It appears to me from the data I have looked at that the southern states tend to have lower salaries in general if you look at all positions. The other exception in terms of national averages seems to be Massachusetts. Government jobs there are very poorly paid. That is my observation. I have seen that in legislative positions as well. I don't know if I indicated that here.

Mr. Mello stated that we are going to have to try to compare our salaries to comperable positions we already have in state government.

Mr. Hohmann stated that he would address that in a few minutes and stated that he had a memorandum in that regard too, if I may.

Another one of the things that the committee indicated their interest in was turnover of staffs and I have some more paper for you in that regard.

Mr. Hohmann stated that he did not have terribly good data in regard to turnover, but I sort of have broken down four states from some information that I had. I will run through each of those. In Arkansas, the Annual Report had a section on its staff and indicated when the staff had come to the office and how long they had stayed with the office in terms of current staff. The current director has been with that office since September of 1979. There is an attorney that was hired in April of 1980. An economist that joined the staff in February of 1980, the administrative assistant position was new and was hired in 1980 and I don't know exactly when. I don't have information on the secretarial staff with that office. The three positions that are starred in terms of previous employment - these three staff members **all went** across to the newly created office of Arkansas Department of Energy and apparently they were perceived as very valuable in the energy area and therefore were hired away from the office of consumer advocate.

The second example is from Georgia and what I did here is simply compare 1979 (fall) with fall 1980 staff. Again in Annual Reports from Georgia for those two years, they indicated what staff has what positions and that I simply determined which positions were the same and which were different. Thus, the different ones meant there were changes. We can see that about half of the staff changed and half of the staff remained the same. In terms of the consumer counsel, that has been the same.

In Missouri, again, we have the same kind of information as with Arkansas. The chief accountant joined that staff in January of 1979 and is still there. The utility accountant was briefly with that staff from October of 1978 to June of 1979 so it was a pretty short term with that office and the chief utility economist joined that staff in September of 1979.

In Ohio, the consumer's counsel has been with that office since its inception in 1976. The only information I have on staff in Ohio is in regard to the directors of the various divisions as well as the technical adviser. As you can see, three of the six positions listed have changed since between 1979 and 1980. There is one new position of technical director also.

Finally, in section 5, what I have done is to - I have a membership list of the professional organization of consumer advocates from 1979 and I looked at that and I looked at the information I got in the last two weeks in terms of say who are directors of offices and the directors of these offices have been in those offices at least since 1979. That does not say that they have been there longer or not, they have been there at least two years. That is all that indicates in terms of Section 5. That has to do with longevity or turnover rate. It is not great information but it kind of a quick glance.

Mr. Redelsperger asked Mr. Hohmann if in putting this together if he had found out what the reasons for the turnovers are?

Mr. Hohmann stated that he would say. That was not a direct question. I failed to ask that question. We could all speculate, but no I don't know.

Mr. Hohmann stated that in the case of Arkansas, it was because of the creation of the Department of Energy. That I can answer, but that is very specific. In general I don't know.

Mr. May stated that in the State of Nevada at least, there is a pattern which has developed, at least to me, where members of regulatory agencies transfer often within the industry they are regulating. Mr. May asked if it would be the direction of the chair or would the chair care to indicate if we should seek to prohibit that type of occurrence as we proceed with the enactment of this legislation

Mr. Mello asked Mr. May if he would try to simplify that.

Mr. May stated that in the states that have legalized gaming, a tendency seems to exist, and perhaps some members of the gaming regulatory body quite often leave or seek employment or end up with the industry they are regulating. Would it be the chair's intent that we pursue some restriction that they be prohibited from that? As a part of the creation of this office, should they be refused for a period of say one year from entering the industry they are confronting for their past term of service.

Mr. Mello asked Mr. Rusk what had happened to his bill. He further questioned Mr. Rusk if he did not have a bill that would do what Mr. May was talking about in particular areas?

Mr. Rusk stated that was correct. Nothing has happened to it so far.

Mr. Mello stated that perhaps Mr. May had answered that question himself.

Mr. Hohmann stated that there is certainly precedent for that in Public Service Commission statute in many states. I think it is also the case in Nevada, but I am not sure. There are limitations on employment after -

Mr. Heber Hardy, who was in the audience, stated there were limitations on employment that you cannot be involved in any case that you were working on before you left the Commission.

Mr. Hohmann stated that that was right. Mr. Hohmann stated that it does not have to do with being hired by the industry, but has to do with acting in a case that involves -

Mr. Hardy stated that that was thier own rule.

Mr. Hohmann stated at any rate there were statutory precedents also, to set that up for Public Service Commissions, there is no reason that it could not be done for other types of state agencies.

Mr. Hohmann's data on the turnover in various consumer advocacy office is attached to the minutes of this meeting as EXHIBIT G.

Mr. Hohmann stated that the next thing that he would like to talk about in regard to staffing patterns and budgets has to do with contract services. Mr. Hohmann asked the committee to turn to tabbed item number 10 in EXHIBIT F, Mr. Hohmann stated that what he had done is that he took the Barvick letter within this packet and he has taken the information from that letter which indicates the amount of money that is devoted to contract services versus the total budget. Mr. Hohmann stated that he simply divided the contract services by the total budget and came up with the table which is table 1 which is the third page of this memorandum indicating the percentage of the budget devoted contract services. Mr. Hohmann stated that it is not terribly clear from just looking at that data what it all means. There are about four or five states that have ten percent or less devoted to their contract services. There are about four or five states that have more than fifty percent of their budgets devoted to contract services. Percentages are interesting. Absolute amounts are also interesting. Some of the smallest state budgets may have the largest percentage of their budgets going to contract services while some of the largest state budgets may have a small percentage, but in actual amounts that is still a lot of money. An example would be Ohio, where only 32%, and I say only because it is less than the 78% from some other states, is devoted to contract services, but that 32% amounts to \$1,000,000.

Mr. Mello stated that that depends on what the size of your staff is.

Mr. Hohmann stated that was correct.

Mr. Mello stated if you had 10, 15 or 20 people you would not have to have a lot of money for contract services. If you do there is something wrong with your staff people.

Mr. Hohmann indicated that he believed the committee would find that the Barvick letter and survey report which is tabbed item number 7, if you have time to look through there you will see that larger staffs sometimes, in some cases, specifically there is associated a smaller percentage of the budget devoted to contract services.

Mr. Prengaman stated in the letter to the committee from Deputy Attorney General Struve, he mentioned that they felt it should be at least 50%. I am just wondering, do you know where they got that?

Mr. Hohmann stated he believed that was a concensus among offices of consumer advocacy.

Mr. Prengaman asked that it should be 50% of the staff?

Mr. Hohmann stated that some of the -

Mr. Mello interjected that the committee would have the representative from the attorney general's office here on Monday morning.

Mr. Prengaman stated that he was just curious to know if Mr. Hohmann knew how they arrived at that figure?

Mr. Hohmann stated that it had to do with whom you spoke with. If you look at the percentage table on the ones that are close to 50% those are the people they have probably talked to or know about. I don't have a reason to say that those that picked that kind of percentage are more successful, but it seems that some of the successful ones are perhaps closer to that percentage.

Mr. Redelsperger stated that Minnesota has 40% and has 7 staff members. Mr. Redelsperger noted that South Carolina has 11 staff members.

Mr. Hohmann asked if the committee had any other questions in regard to contract services and the amount of money devoted to that? Again, there is variability, that's clear. It ranges from 4% in the case of Massachusetts to 78% in the case of Maryland.

Mr. Mello asked if Mr. Hohmann could stop testifying for just a moment. Mr. Mello asked Senator Getto who was seated in the audience, if he wished to testify before this committee?

Senator Getto indicated that he had just come down and if there are any questions he would be glad to answer them but that he had not prepared any remarks. He further indicated that he had

some of his own feelings about this, but it would just be off the cuff.

Mr. Hohmann's memorandum with regard to the allocation of money for contract services is attached to the minutes of this meeting as EXHIBIT H.

Mr. Hohmann stated that the next thing he would like to draw the committee's attention to is a proposed budget that he had put together which is a definitive budget. Mr. Hohmann passed out copies to the members of the committee and to anyone in the audience who so desired one.

Mr. Hohmann stated that with regard to the budget I want to qualify what the basis of the budget is. He stated that he had looked at five staff positions and 50% devoted to contract services. Those are the qualifications that I have indicated on the first page. I have also attached for your information the budget proposals from the Coalition for Affordable Energy which were put together by Dr. Schwartz and Dr. Stevensen. At any rate, the proposed budget that I have put together for you has five staff positions, a consumer advocate, an attorney, an economist, an accountant and then a secretary/administrative assistant. The salary of the consumer advocate is based on the chief attorney deputy attorney general position in the governor's budget. This is the request by the attorney general's office for that position. The attorney salary range is based on the deputy attorney general positions one, two and three. They are in the governor's budget. The economist position is based on comparable public commission staff salaries that are in the governor's budget. The accountant is based on some of the information in some of the reports of other states. The secretary/administrative assistant range is based again on public service commission comparable staff positions. That total ends up being somewhere around \$130,000 up to about \$170,000. Some of the things that I have done, like benefits and operating expense are relatively uninformed. The 13% on benefits is based on a quick computation on another state office's budget in terms of the percentage added. I don't have a basis for picking 13% other than that so I am not well informed on what benefits amount to but I threw in 13% there. In operating expense I simply took 10% of the total and sort of work backwards, but anyway, the \$16,000 to \$21,000 amounts to about 10% of the sum of personnel and operating expense. Then, to that, I added an equal amount for contract services coming up with a total budget of \$325,000 to a range of \$419,420. The reference point again is to look back at your mill tax assessment table and you will find that the \$325,000 is below -

Mr. Mello stated 1/2 mill.

Mr. Hohmann stated that was correct. He further stated that 1/2 mill is a little more projected than the \$325,000 for 1981/1982 and the \$419,000 is between one-half and three-quarters for 1982.



Mr. Hohmann stated it was just a suggestion, and was based on the things he had indicated for the subcommittee's consideration.

Mr. Hohmann's EXHIBIT H to these minutes, consists of a memorandum concerning total allocated to contract services, a budget proposal and three consumer advocacy budgets under the office of the attorney general prepared by David S. Schwartz and Rodney E. Stevenson.

Mr. Hohmann stated he would like to move to a couple of things that the committee has asked for and it has been agreed to that the attorney general's office and the public works board. There is a letter from Chief Deputy Attorney General Larry Struve, under tabbed Item number 2; I went back over this letter last night, or yesterday, rather, and I think that, interestingly enough, most of the major items that are indicated in here are also included in the rest of the report. There are some specific questions by the Attorney General's office that he wants to discuss with you and I think you are going to have to have some specific questions for him as well and as you have indicated, that opportunity will be Monday. Is that right?

Mr. Mello indicated yes.

Mr. Hohmann stated he would not dwell on that letter, but that the committee might want to read it for your own information and be prepared for hearing the Deputy Attorney General on Monday.

Mr. Mello stated that hopefully we would have Mr. Hancock here on Monday.

Mr. Hohmann stated right, and that he also had a memorandum in that regard.

Mr. Mello stated that it was his understanding that the money committees have killed the remodeling program for the basement area of Heroes Memorial building. They wanted something like 16 office down there and they just killed it, and it had probably been predicated upon the number of positions. It is my understanding that they wanted to take the AGs that they presently have in other departments that are assigned, you know, to those departments or agencies, and bring them where they can watch them and see what they are doing about it. The money committees, once again, I understand, have decided not to do that, but that appears to be the most logical place to house the advocate's office. That is something that I think we are going to have to be looking at and that is something that Mr. Hancock will address himself to next Monday. He will be here Monday.

Mr. Hohmann stated that as far as he knew, Mr. Hancock would be here on Monday. I contacted his office yesterday and they indicated that he would be here on Monday.

Mr. Mello stated that he will give us, hopefully some costs depending on the number of perhaps three positions or five positions, on whatever the cost would be to remodel the basement area.

Mr. Mello asked Mr. Hohmann how much more testimony he had.

Mr. Hohmann stated that that was basically the extent of my discussion. He added that in terms of the cooperation from the Public Works Board, Mr. Hancock will indeed be here on Monday. What I have attached there is a page which identifies the projects from their capital improvements planning program - it is just the recommended capital improvement program for 1981/1983. Item 81-18 does not appear in the governor's budget. The Public Works Board is expected to prioritize those projects, capital improvement projects, and I believe there are only 16. The first 16 are the only ones that appear in the budget and therefore the others are not immediately considered by the legislative, it is my understanding. However, this project was proposed by the Public Works Board and this committee and the senate side may want to well consider getting this funding into the appropriations for setting up that office. But again, Mr. Hancock will be here Monday to give you considerably more detail on the project. Mr. Hohmann's handout with regard to office space for Consumer Advocate is attached to the minutes of this meeting and is EXHIBIT I.

Mr. Mello indicated that there were amendments in front of him which are proposed amendments to AB 58. I don't know where these came from. He asked Mr. Hohmann if they were amendments that someone was working on. He stated that he hoped not.

Mr. Hohmann stated he had not seen them and he did not know.

Mr. Hardy stated that he had given Mr. Mello some and they were probably the ones he had.

Mr. Hohmann stated that the last comment he would like to make is about the other enclosures in here that we have not talked about. It would be tabbed item number 8 which is the Gormley article that Assemblyman Prengaman referred to earlier in the discussion. It is here very simply for your information. It is something that I had a copy of and I thought it might be of interest to the committee. That concludes the background information that I have put together for you and I would entertain questions if you have any at this time.

Mr. Mello asked Mr. Heber Hardy of the Public Service Commission if he would be working with the subcommittee.

Mr. Hardy stated that yes, he would, and that he had people who would be willing to work with you. I have a hearing starting at 10 this morning and I can be here off and on on Monday, but I have people who would be here on Monday and who would be happy to help the subcommittee.

Mr. Mello stated that it was the intention of the subcommittee to cooperate and work with all parties that are interested in the subject matter. As long as everyone realizes the goals of this subcommittee and try not to throw a monkey wrench into it. We don't have much time. What I would like to do this weekend is to go into some more discussion here now, and I will talk to the Public Service Commission people in just a moment and I am sure the subcommittee will have some questions, but it will be my intention that we try to go to as much of this as we can and then on Monday at 8:30 A.M. we will meet with Larry Struve who will be working with us and of course Mr. Hancock. I think we should try to decide this weekend what the role of the consumer advocate is going to be as far as we are concerned; the staffing, the qualifications, and we are going to have to be looking at the fact that the people should be unclassified persons; the length of the term; the appointment process; the budget; the contracting of services; the housing. Is there anything else?

Mr. Mello stated that Mr. Hohmann had done a real good job.

Mr. Mello indicated that what he would hope though, is that he not do any more research. Mr. Mello asked if we could have the Public Service Commission come up. Mr. Hardy and his staff.

Mr. Heber Hardy of the Public Service Commission indicated that his staff pretty much put the material together that you have asked for and I would be glad to sit up there with them, but they did the work.

Mr. Mello asked if the members of the Public Service Commission would come up and testify.

Mr. Mello asked if Mr. Hardy had any comments.

Mr. Hardy stated that he really did not.

Mr. Mello asked if the staff members had comments.

Mr. Hardy indicated that only in response to the information the committee had requested.

Mr. Mello indicated that first of all he would like to ask a question of Heber and that is that there is discussion that you have a large surplus. Do you feel that we can draw from that surplus for the budget of the consumer advocate's office?

Mr. Hardy indicated that he had submitted the proposed budget which they submitted to the Ways and Means Committee and it is his position that there is no surplus available, for anybody except the Public Service Commission. The reason is because we have drawn heavily. Mr. Hardy's proposed budget is attached to the minutes of this meeting as EXHIBIT J.

Mr. Mello indicated that that exhibit should be in the packet of information previously distributed to the committee.

Mr. Hardy referred to Schedule B-2 of EXHIBIT J. The first year we show a balance forward from the old year of \$1,132,000 and we have programmed into our first year budget after increasing our present mill assessment from 2-1/2 mills to 3-1/4 mills, we still would draw that down according to our budget to \$520,000 the first year. The second year, after increasing it from 3-1/4 to 3-1/2 mills and the upper limit is 4 mills, that would - the budget would show the reserve being drawn down to \$326,000 and because of that we are relying heavily upon the surplus as a source of revenue the first two years while increasing our mill assessment at the same time. It is my position that there is no surplus available to transfer to anybody.

Mr. Mello asked Mr. Hardy what they were presently at in the mill tax?

Mr. Hardy stated 2-1/2 mills. Mr. Hardy indicated that they were at 3-1/2 about 3 years ago and we have got it down to 2-1/2, but we are gradually now at the point where we are having to move back up, including substantial amounts from the reserve carry forward. Mr. Hardy indicated that that was Schedule B-2 of the material which I gave the committee.

Mr. Mello asked if Mr. Hardy saw any problems - are there any legal problems that he knew of that we could take a portion of mill assessment and directly have it flow into the agency of the consumer advocate.

Mr. Hardy stated that he really didn't. He thought that if it is going to be independent, I think it would be a highly improper way to have an advocate appearing before us that we have anything to do with, funding or anything else - signing claims. I think it is highly improper. We think they ought to have independent funding and be in full control of it.

Mr. Prengaman referred to the discussion that the committee had previously had about the consumer advocate being on the same floor.

Mr. Hardy indicated that there was discussion about his agency being divided and they having some responsibilities which require paperwork to be transferred on a current basis, and this consumer advocate office can be as close as they could possibly want them to be. We will be glad to work with them on a very close basis, as far as getting information to them, filings and that sort of thing.

Mr. Mello asked if there were any other questions.

Mr. Hardy asked if he might be excused and go over to prepare for the hearing board meeting. We have people here who have

put together information regarding our tariff filings and so forth that the committee had asked for and they will cooperate to the fullest extent. For the record by the way, I am designated as the Commissioner Liason at the request of the new chairman, Roger Bos.

Mr. Mello again reminded everyone that we would meet again at 8:30 on Monday. Mr. Hardy indicated that he would be here at 8:30 and he could be here until almost 10:00. He had some meetings at 10:00 and he believed that they had some other hearings that he had to be involved in and that he would be in and out and that he would have any staff people that the committee desired here in the meantime.

Mr. Mello indicated that before we get into this, he asked that something be explained to the committee and that is the information that the committee on the rates and tariffs on transportation - Mr. Mello was referring to the Categorized Breakdown on PSCN Agenda Items, 1980, which was submitted by Nevada Bell, and which is attached to the minutes of this meeting as EXHIBIT K.

Mr. John Clark, Mr. Robert Silva and Mr. Jim McCauley testified next for the Public Service Commission.

Mr. Mello indicated that he believed that we were going to have to decide if we want to leave all of the division in - transportation, telephone system, what utilities we want to leave for the consumer advocate. I had asked what which ones had requested -

Mr. John Clark testified first. He indicated that he might preface their remarks today with an apology for the sketchiness of the presentation which they may provide. He indicated that they were asked yesterday at noon to begin compiling a substantial amount of data and we hope that what we put together will answer those questions. I think it will. We were not sure just exactly as to the scope that the committee desired.

Mr. Mello indicated that we were trying to decide whether or not to include say railroads.

Mr. Clark indicated that he believed they would be able to address those issues. I am not sure if we can back them up with fully accurate statistics.

Mr. Mello asked if he was correct in his understanding that the requests for railroads are mainly handled through the federal government and then are just approved on the state level. Mr. Mello asked Mr. Clark if they were going to go through that?

Mr. Clark indicated in the case of railroads to be quite frank, the rate increases will be handled solely by the ICC it will not be handled at all by our present staff. A number of interstate railroads - this number is very very small. The last rate case amounted to \$10,000.

Mr. Robert Silva, acting manager of rates and tariff division of the Public Service Commission. Mr. Silva indicated that as Mr. Clark said they were asked to compile some information relating to a schedule that was shown to them yesterday at noon comprising what has been termed rate and tariff filings.

Mr. Silva indicated that first of all he would like to preface all comments with a definition of what we refer to as tariffs and a simple definition would be a compilation of rules, regulations, rates and charges. The type of information requested relates to agenda items for the calendar year 1980. Since we did not have the back-up information regarding this particular schedule, we decided to do our own analysis based upon actual investigation of the actual agenda items for the calendar year 1980 and we came up with some discrepancies between the figures here so we decided to use our own figures, rather than these.

The total number of what would be styled filings of tariffs, number 354. I believe that the discrepancy is in the numbers here, and I am speculating at this point, is because there is a lot of duplication within each agenda where items appear more than once. So, of the 354 total items that we looked at, 25 were electric, 31 were -

Mr. Mello interrupted Mr. Silva and indicated that 25 were electric and Mr. Silva then stated that 31 were gas, 27 were water and/or sewer, 152 were telephone filings or telecommunications filings, including CA TV, and the remainder were transportation, numbering 119. With regard to the information requested, Mr. Silva stated that it was his understanding that the concern -

Mr. Mello asked Mr. Silva if he had said that the cable TV were filed with the telephone companies?

Mr. Silva indicated that was correct and that they filed them under telecommunications.

Mr. Clark indicated that they were a very small amount of that number. I don't believe there were more than maybe four or five.

Mr. Mello indicated that it said seven on the exhibit which was before the committee.

Mr. Mello asked if they had anything to do with airlines.

Mr. Silva stated no - nothing with airlines.

Mr. Silva indicated that he should also mention that they categorize under transportation toll car operators - towing as shown in this schedule.

Mr. Silva stated that he could give the committee a breakdown at this point of the electric, gas, water, sewer, telecommunications and transportation items, separating between what is or

would be termed an increase or decrease in rates or charges, a change in the tariff, which could be a change in rules or regulations and new offerings and new offerings are primarily tailored to telephone equipment offerings where we are talking about new equipment. Of the electric filings, 9 were increases in rates or charges. 16, or the remainder were either changes or new offerings, or I should say changes, primarily. For the gas filings, 15 were increases or decreases, and 16 were changes.

Mr. Mello indicated that what he would like Mr. Silva to do on Monday is to break down the decreases. He stated that he would like to see that. Is it one out of fifteen? Mr. Silva indicated that that was about right, one or two out of fifteen. Mr. Mello indicated that he thought that was important. Mr. Silva stated that they had that information on the worksheets but he had not summarized it at this point.

Mr. Silva stated that as far as - under gas, we have fifteen rate increases or decreases, and sixteen changes for a total of 31. Under water and/or sewer, 20 were rate increase requests and 7 were changes in the tariff provisions. Under telecommunications, which includes CA TV, we have three increases and one decrease, and the remainder were either changes in text or new offerings numbering 148.

Mr. Mello confirmed that there were 3 increases. Mr. Silva stated 3 increases and one decrease, out of 152.

Mr. Silva stated that under the transportation category, 54 are increases and/or decreases, depending upon the level of what you want to look at, and the 54 increases are an average because you have some increases, some decreases within certain tariff items. So 54 were either an increase or decrease, and 65 were changes.

Mr. Mello asked what type increases he was talking about. We are not talking about millions of dollars are we?

Mr. Silva stated no. Mr. Clark stated that in the case of the electric and gas tariffs - Mr. Mello indicated that he was talking of transportation - Mr. Clark stated that they have included - Mr. Mello indicated that what the subcommittee was interested in is to see if we should take transportation out of the scope of the consumer advocate so that is why we should know what type of increases are requested.

Mr. Silva stated in that vane he would like to call upon his transportation rate tariff expert who can give you a summary within manageable bounds of what we are talking about in terms of classifications.

Mr. Jim McCauley, rate tariff specialist testified next.

Mr. Mello asked if Mr. McCauley could tell us what transportation means and who is in that category?

Mr. McCauley stated that they have, as far as motor carriers are concerned, some 500 in the state, intrastate motor carriers, divided into two major groups, those of passenger, and those of property. Then they are divided into a number of sub-groups in the neighborhood of 25. The passenger group, of course, includes taxi, bus, limosine and so on and so forth. Where we get into property, then we are talking about general commodities, dump truck operators, tow car operators, so on and so forth. About 15 in that group.

Mr. McCauley indicated that some of the raises are pretty substantial when they come through tariff bureaus because they may represent one or more carriers. Sometimes up to as many as ten or twelve, so the impact on the state through those tariff bureaus in increases can be substantial, as you mentioned a minute ago, into the millions of dollars.

Mr. Mello stated that railroads are not a part of transportation.

Mr. McCauley stated no they are not and under the recent Steiger's Rail Act, the state did not take advantage of the opportunity it was given to go ahead and be a member of any protest that the ICC might have.

Mr. Mello informed the committee that he was not just trying to say this because he worked for the railroad. If we have to put the railroad in here we will put the railroad in. I just don't think we should have the consumer advocate looking at railroads when he can do little or nothing about it.

Mr. McCauley stated that the two increases occurring in about the last fourteen months - the impact on the state in one case was about \$2,200.00 and in the other case about \$2,300.00.

Mr. Mello stated that if the staff is going to be reviewing everything that they are in charge of, I see no reason to review a rate increase of railroads that would take maybe hours if they can do little or nothing about it.

Mr. May indicated that he just wanted to be sure in his mind as to the difference or distinguishing factors between a rate and a tariff and a rate increase and a tariff increase, if there is such a thing.

Mr. Silva indicated that the rate was contained in the tariff.

Mr. May then asked when someone comes in and appeals for a situation that will provide them with more money, do they ask for a rate increase or is it a rate/tariff increase.

Mr. Silva stated that it was his understanding that it would be a rate increase.



Mr. McCauley stated it would be a rate increase contained within that tariff.

Mr. Silva indicated it would be for transportation.

Mr. McCauley stated that the tariff is a compilation of rates.

Mr. Clark stated that perhaps he could clarify it somewhat. A tariff, as Mr. McCauley explained, contains all of the rates and any rules and regulations of each utility and so technically a rate application is a tariff filing. It is styled a rate application by the commission's rules, so there is really no difference between a tariff increase and a rate increase. Any increase would be a rate increase and it is accomplished through the filing of an application and filing with tariff sheets actually showing how those rates will be distributed and contained in the tariffs.

Mr. Mello indicated that many times when three or four people are speaking at the same time the secretary finds it very difficult at times trying to figure out who it is. We are trying to get this as accurate as possible, so unless someone addresses a question to you by name, would you just please say your last name and then you may speak - each time. Thank you.

Mr. Silva stated that just so he was clear on what you want for Monday, it is my understanding then that you want an analysis of each one of the increases or decreases related to the gas, telecommunications and transportation.

Mr. Mello indicated that they would like to have electric and water and sewer.

Mr. Silva stated that as far as electric and gas, we do have a computer print out that shows by major company for the calendar year 1980, requests, when filed, amount requested, amount granted and some various other information.

Mr. Mello indicated that he believed the committee would like this and would like to have all of this information on Monday. All of it together.

Mr. Mello questioned the Public Service Commission members as to whether or not they had all of the information now or did they only have part of it.

Mr. Silva stated that they had part of it right now.

Mr. Mello then stated that he believed the committee should wait until Monday when you have all of it. He questioned Mr. Silva if he could have all of it for the committee on Monday.

Mr. Silva stated that as long as I understand with regard to the transportation area which could create a problem in terms of timing.

Mr. Silva further stated the extent of the detail that you want may require quite a bit of time, so if we could have some indication as to how you would like that information -

Mr. Mello stated that frankly the only ones that we really have to look at, and I think all of us will agree, that they are electric and gas, water, sewer should be looked at by the consumer advocate, so I think then we should look at the telephone and transportation and have a breakdown on that of what the rate requests in the last year have been.

Mr. Silva stated that in the transportation area, the reason why I am concerned about this area, is the fact that it is quite a bit of detail and that we are looking at times at thousands of rates and sometimes the request is styled - or the notice is styled - the effect will be an average 2.4% increase overall, which may go up or down, that is the average, depending upon which rate you are talking about.

Mr. McCauley stated the bulk of the money increases would be filed by tariff bureaus, so if we looked at tariff bureaus only, that will give you about 80% to 90% of the picture.

Mr. Mello stated that the committee would accept that then.

Mr. Clark stated that the manner in which increases are placed in the trucking industry as in any other industry is two fold. In one instance you have an overall rate increase amount. In the other instance you have that increase that may be spread to different customers and different commodities in transportation in different ways. Now are you interested primarily in learning the overall impact on this state, in other words, the full dollar amount of the increase, or instead, are you concerned primarily with whether or not, say within the busing industry, whether there may be a charter service which has increased 4.5% - a fare from \$1.50 to \$2.50 - something like that; different types of services may be increased in different amounts.

Mr. Mello stated that that was what the committee would have to look out.

Mr. Clark questioned Mr. Mello if he meant the detail of the types of services that may be increased in different amounts?

Mr. Mello stated that was correct. That is something we are going to have to look at.

Mr. Clark stated the detail of the types of services and the types of increases.

Mr. Mello stated where large increases were not asked for, we may ask that the consumer advocate not look at those particular areas of transportation. It is rather difficult I know. He asked Mr. Clark if taxi cab companies all come in at the same time for their

rate increases?

Mr. McCauley stated no. In areas they will. For instance, in the Reno area they will get together and come in for their increases generally as a group. They come in individually, but generally they all file about the same time and of course the outlying areas will follow suit.

Mr. Mello stated that they would be able to give us a dollar amount through, say from the north when they came in they asked for "x" percentage.

Mr. Redelsperger stated that in the field of transportation, percentage wise, the number of complaints compared to electric, gas, water and telephone, what would the percentage be.

Mr. McCauley stated that he had a feel for it but he did not have any figures on it because that would be in the consumer division of the PSC.

Mr. Redelsperger stated he would like that.

Mr. McCauley stated that he could furnish the committee with that. He stated that he could give the committee just an off the cuff figure. I would say that the bulk of them involved tow cars and very, very few otherwise.

Mr. May stated that the chairman might suggest that we do concentrate at least today and on Monday, with gas, electric, water and sewer. I believe that everyone in Nevada is a user of those. Telephones are nice but not an absolute necessity.

Mr. Mello stated that he agreed with Mr. May. We should concentrate on the first four. Mr. Mello further stated that transportation is going to be extremely difficult. We may have to leave that to the wisdom of the consumer advocate. Mr. Mello stated that the only reason he had asked for some of these figures is that when we go to the floor with this piece of legislation I am sure we are going to be asked; we left transportation out, why did we leave it out. If we put too much in this agency, then we are going to have to give them the necessary staff.

Mr. McCauley stated that he might mention that the staff that may be in the proposed consumer advocate's office would have to be enhanced greatly in dealing with transportation as opposed to utilities.

Mr. Mello asked the committee if they had any further questions or any further comments.

Mr. Silva stated just so he is clear also, what time the committee needed this data on Monday.

Mr. Mello stated the committee needed the data at 8:30 A.M.

Mr. Mello stated that if it were necessary we would meet again in the evening, but that would be decided. Mr. Mello stated, that we will hopefully start, depending upon whether we had the evening meeting, some time next week we are going to have to have a piece of legislation prepared. The Attorney General's office is going to cooperate with us in helping us draw a rough draft of a piece of legislation which will be submitted to the counsel bureau.

Mr. Clark made the following general comments. These are my own thoughts and they do not necessarily represent those of the commission. Regarding the consumer advocate, it is my feeling that the consumer advocate should be left with wide discretions as what types of cases, whether they be rate cases, rule making proceedings or whatever, that it may participate in. Also, I believe -

Mr. Mello stated that that would be an area which Mr. Clark could speak to when we have the Attorney General here.

Mr. Clark indicated that that would be fine.

Mr. Mello stated that what they were discussing now were the mechanics of the legislation - what we should place in the bill.

Mr. Clark stated that he had one other point that does have to do with some of the tariff filings. I don't know whether I should address it now or not would be a means for getting around the problems of the substantial number of telephone filings are new equipment offerings. In most instances a consumer advocate would have no interest in opposing any of those, but it is conceivable that they could be delayed substantially through participation by a consumer advocate. However, if the consumer advocate is served with a tariff filing at the same time the commission is, it should have ample opportunity to quickly review the tariff filing, and if it determines that there is some question in some instance that it may desire to participate, it may at that time request that the matter be suspended by the commission for hearing and further review. The commission will require a substantial showing as to the need for that kind of suspension and that procedure would forestall the possibility of the consumer advocate becoming an uninformed consumer advocate becoming a stumbling block to the telephone industry's ability to compete with other furnishers of equipment, which, by the way in most instances, though there have been no cost of service studies in this state and I don't think in any other state, that sort of competition has been responsible for eliminating a large number of rate increases by the telephone companies and has acted to help keep residential rates low.

Mr. Mello asked Mr. Clark is he could draw up some language up on this?

Mr. Redelsperger stated that there already was some on the last page.

Mr. Redelsperger was referring to the handout which was prepared by Nevada Bell.

Mr. Clark questioned Mr. Mello as to whether or not there was a request that he draft language.

Mr. Mello asked Mr. Clark if he could draw some language up as to what he had just addressed to the committee.

Mr. Clark stated he certainly would.

Mr. Mello stated that we could talk to the Attorney General about that on Monday.

Mr. John Capone of the Governor's office indicated that he had just or quick comment. What I have seen today assures me that the committee is taking a very close look at this subject and going about it in an orderly way and the right way, and I just want you to know that I offer my personal support and assistance wherever it is necessary.

Mr. Mello questioned the audience as to whether or not anyone from Nevada Bell wished to speak before the committee.

Mr. Tackett of Nevada Bell stated that he believed that all he had to say is much of the same thing that they had said in the past to the committee and he thanked the committee for the opportunity.

Mr. Chuck King of Central Telephone Company stated that they concurred with what Nevada Bell has presented to the committee.

Mr. Mello asked whether we had 11 telephone systems in Nevada.

Mr. King stated that that was correct.

Mr. Mello asked Mr. Eck if he had anything he wished to add.

Mr. John Eck of Southern Pacific stated that they concurred in the manner that the committee was approaching this legislation and he further stated that after the committee's investigation, that their participation would be found to be unnecessary.

Mr. Andy Barbano stated, when questioned by Chairman Mello, that he did not have anything to say.

Mr. Mello asked then if Mr. Barbano was pleased with the way the committee was moving.

Mr. Barbano stated he thought so. Sure.

Mr. Mello stated that anything that Mr. Barbano could do for the committee would be appreciated.

Mr. Mello asked if Mr. Hohmann had anything further to comment on.

Mr. Hohmann stated that he did have a comment in regard to something Commissioner Hardy mentioned. There are indeed things in AB 58 that apply to the Commission, not to the new agency that you may want to be careful to consider to take back to the full committee and to the legislature in general.

Mr. Mello asked Mr. Hohmann if he meant as far as the revamping of the Public Service Commission itself.

Mr. Hohmann stated there were a couple of elements and one is the emission statement and one other one and I think I may have identified them in the bill analysis I did, but one includes the pipeline safety regulation, one is the warehousing permitting review a few things like that. I assume the commission may want to address those to you.

Mr. Clark stated that there are no new provisions in AB 58 with regard to warehousing authority and that sort of review. Those are all placed in there in order to provide the commission with the same sort of information it now gets from its present staff. AB 58 concedes that the commission's statement as recommended by the Cresap McCormick Pagent report in addition contains a transfer of duties in the transportation field to DMV as also recommended by the Cresap report. Those two items, to my knowledge, are the only two items in AB 58 that did not pertain directly to the creation of a consumer advocate's office.

Mr. Mello stated that anything else that he could give us, John, (Clark) that you believe in the years you have been with the Public Service Commission, that you personally think or that the commission thinks that the consumer advocate should be looking at we would like to know that.

Mr. Clark stated that it was only months with the Commission. I don't think it has been a year yet.

Mr. May stated that he felt that he should publicly state for the record and that the record so indicate, that I do own stock in the following utility companies, Nevada Power Company, Southwest Gas and Central Telephone. Most of that was left to me by my mother and stepfather who died some years ago. I have added to those two holdings. The last time I looked, the aggregate amount at market value was around \$15,000.00 (approximately). I do not feel any conflict of interest because of that moderate investment.

Mr. Mello indicated that for the record now he would like to state that my son, Donald J., and my son, David W., have stock in Sierra Power. Frankly I don't know how much stock they have. It is not under my name or my wife's. It is theirs, so I don't feel that I have a conflict. I would imagine if they had \$500.00 apiece, maybe that is a little bit more than what they have, it is theirs, it is not mine.

Mr. Redelsperger stated that as long as the committee was on the subject he had one share of Valley Electric Association.

Mr. May stated that he believed that the Chairman had presented a very well organized agenda and everything was very well presented.

Mr. Mello stated that hopefully we could stay on the right track here. That is why when people come to testify, if they start getting off the track of what we are trying to accomplish, we are just going to have to stop them and get them back on track.

Mr. Mello stated that what we would like to do is when we finish with our work all of the minutes regarding the consumer advocacy office will be removed from the binders they are presently in and bound in some other way for the committee members. Mr. Mello noted that the binders would have to be returned to the legislative counsel bureau due to the fact that their cost is about \$24.00 each.

Mr. Mello stated that the committee would be adjourned until 8:30 A.M. on Monday morning. The committee adjourned at 9:56 A.M.

Respectfully submitted,



Barbara Gomez  
Assembly Attache

GOVERNMENT AFFAIRS  
SUBCOMMITTEE MEETING ON  
CONSUMER ADVOCACY OFFICE

March 6, 1981

INDEX OF EXHIBITS

- Exhibit A - Agenda for Subcommittee Meeting
- Exhibit B - Testimony of Assemblyman John DuBois.
- Exhibit C - Copy of N.R.S. 523, Section 111.
- Exhibit D - Letter submitted by Assemblyman Bob Rusk and memo from Dick Edelman, Deputy District Attorney to Larry R. Hicks, District Attorney.
- Exhibit E - Information pertaining to the mill tax submitted by Assemblyman Peggy Westall.
- Exhibit F - Memorandum of Sam Hohmann - This memorandum is of materials for consideration for the Assembly Government Affairs Subcommittee on the Consumer Advocacy.
- Exhibit G - Memorandum dated March 4, 1981 from Samuel F. Hohmann, Senior Research Analyst with regard to the turnover of Consumer Advocate Staff.
- EXHIBIT H - Memorandum dated March 5, 1981 from Samuel F. Hohmann, Senior Research Analyst with regard to allocation of money for contract services.
- EXHIBIT I - Memorandum dated March 6, 1981 from Samuel F. Hohmann, Senior Research Analyst with regard to Office Space for Consumer Advocate.
- EXHIBIT J - Public Service Commission of Nevada Revised Budget for 1981-1983 Biennium
- EXHIBIT K - Categorized Breakdown on PSCN Agenda Items - 1980



ASSEMBLY

AGENDA FOR COMMITTEE ON Government Affairs - Subcommittee

Friday,

Date March 6, 1981 Time 8 AM Room 214

Bills or Resolutions  
to be considered

Subject

Counsel  
requested\*

1. Call to Order, Assemblyman Mello, Chairman
2. Comments from legislators who wish to testify
3. Staff Report - Samuel F. Hohmann
  - a. Analysis of Initiative Petition
  - b. Appointment of Consumer Advocate
  - c. Staff
  - d. Budget
  - e. Attorney General's Office work with subcommittee
  - f. Public Works assistance to subcommittee
4. Public Service Commission rate increases PSCN
5. Comments from audience

\*Please do not ask for counsel unless necessary.

STATEMENT CONCERNING CONSUMER ADVOCACY  
BEFORE GOVERNMENT AFFAIRS SUBCOMMITTEE

Assemblyman John DuBois

I support fully the concept of a Consumer Advocate's agency to represent the interests of residential customers and small commercial customers in utility rate hearings before the Nevada Public Service Commission.

In the numerous rate cases I have observed, the industrial customers and large commercial users such as hotel-casinos are always well represented with corporate attorneys and expert witnesses. The average ratepayer and small business does not have the resources to hire such expertise nor the time to research and argue their case. Considering the highly technical and legal framework of these proceedings, these classifications of utility customers are placed in a disadvantageous position in protecting their interests in the design of rate structures.

However, I am here to point out another area in which a Consumer Advocate could be very effective in alleviating higher rates. Among the three proposals that have been presented for consumer advocacy, this area is only touched upon or is not mentioned at all. I am talking about the role a Consumer Advocate's office can play in creating and developing cost-effective energy conservation programs for all classes of customers.

By energy conservation programs, I am not speaking merely of advertising campaigns conducted by utilities that attempt to

persuade customers to conserve energy in the home. I am not speaking merely of load management programs that shave high-cost electric consumption during peak hours.

What I am talking about is a new energy strategy that alters the traditional course of utility operations. The traditional course is to meet future demand through the construction of new plant facilities and through the purchase of increasingly costly fuel - primarily coal and natural gas, in the case of Nevada. The alternate course is to meet future demand through comprehensive programs based on conservation and the use of renewable resources.

Simply put, there are investments which can be made on the customer's premises that save energy and capacity at less expense than the cost to customers of a new electric plant or new transmission pipelines. Conservation is used as a substitute for new plant facilities.

The concept of creating a Consumer Advocate in Nevada is based on the premise that such an office will be empowered to investigate utility costs, discover inequities and hold down customer rates. There is nothing wrong with this concept, but I don't believe it goes far enough.

The point of my presentation is to suggest enlarging the responsibilities of the Consumer Advocate - to vest this office with the additional responsibility of developing specific plans

that will result in energy conservation and the extended use of low-cost renewable resources. In my opinion this is the only realistic route we can take to hold down utility costs in the long run, and ultimately utility bills to ratepayers. We have to make use of state chartered institutions like the utilities to reverse their business-as-usual tradition of building and expanding plant facilities and buying ever-increasing supplies of out-of-state fuel at ever-increasing costs. Consumers can no longer afford this tremendous expense. If we as state legislators want to make a real contribution to the solution of our current energy dilemma - rather than simply engage in political symbolism - we should create a government agency that has the power, intent and capability of forcing a new direction in public energy policy.

Whatever the reason may be, Nevada is operating in the dark ages as far as the promotion of alternate resource technology is concerned. Yet across the country there is a renaissance going on in several states to do the things I am talking about. Let me touch upon a few examples.

In Oregon an investor owned utility, Pacific Power & Light Company, provides a comprehensive weatherization program to all its customers. Primary features include home insulation to conserve space heating and wrapping of all water heaters located in unheated areas. This is offered at no initial cost to the customer. The cost is repaid to the utility, without interest, at the time of

sale of the home. Thus there would be no monthly payment and no interest charges.

This utility program, which has become known as the Oregon Plan, has recently been extended to solar systems. This deferred payment plan appeals to all classes of customers, including low income households and owners of multi-family dwellings since it requires no down payment, no initial investment.

How can such a program be offered without raising the cost of service to all classes of ratepayers? Without explaining all the financial calculations involved in the plan, the bottom line is that the program costs less than the cost of building new plant facilities. Even customers not participating in the plan benefit from the savings derived by not constructing new generating plants. Thus, they are not subsidizing the other customers in any way.

In the State of Washington similar no-interest deferred payment programs have been offered to utility customers. One provides for 21 home weatherization items ranging from low flow plumbing to thermal pane windows to heat pumps.

California also has launched an aggressive conservation program through their utilities. At the current time, California's utilities are capitalized at \$17 billion. Building coal power plants would increase this to \$50 billion by the year 2000. Nuclear would require \$100 billion. A conservation and alternative energy future is much less expensive, in the range of \$34 billion.

The Tennessee Valley Authority is engaged in an extensive program involving interest-free loans for home weatherization. *includes* Solar water heaters, residential air conditioning cycling devices, passive solar techniques in housing, and conservation applications for commercial and industrial uses. TVA has calculated these programs will reduce the demand on their system by 5,000 MW in 1990. That is the equivalent of about four nuclear power plants, which cost about \$1.5 billion each.

New England Electric, a private utility, became so concerned about the risk and cost of imported oil that it also rejected the traditional utility pattern of just building more plants to meet unlimited growth. Instead, New England Electric has announced a 15-year plan based on intensive conservation measures. This program will reduce oil imports by 300 million barrels, reduce its capital requirements by \$1.5 billion, and save its 1,040,000 customers \$1.2 billion on their utility bills between now and 1995.

I point out these examples (and there are more I could cite) of what other states are doing to show that alternative resource technologies are no longer futuristic. They are realistic, and they are cost-effective compared to the costs of building new facilities which the ratepayer must bear.

I believe it is the responsibility of the Nevada Legislature to establish a consumer advocacy department that will have a much

broader capability than what has been proposed thus far. In recent testimony we were told of the enormous increases in the cost of fuel that utilities must purchase from their out-of-state suppliers in just the next five years. Even more costly is the construction of expanded facilities. It is essential, therefore, that we face the real world and legislate an agency that ultimately will benefit the ratepayers of this state. We need a Consumer Advocate. But we need an effective Consumer Advocate - one that will reorient rate structures it sets for utilities. Rate structures that provide for cost-effective incentives that allow our state utilities to specialize increasingly in conservation instead of building new power plants and new pipeline facilities.

**523.111 Duties of board. The board shall:**

1. Recommend a state energy policy;
2. Recommend appropriate legislation and regulations to promote the conservation, economical utilization, production and distribution of energy resources and supplies;
3. Recommend appropriate steps to alleviate and resolve short-term energy imbalances;
4. Recommend long-range comprehensive plans for energy utilization to improve the efficiency of energy production and to reduce the negative environmental impacts of such measures; and
5. Establish appropriate liaison with other state agencies, interested persons and groups and the Federal Government as may be necessary to the board's responsibilities and duties.

(Added to NRS by 1975, 670)



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ASSEMBLY DISTRICT 28

August 21, 1980

Dear Friend:

I am writing to you about a critical issue of mutual concern to all of us in the 28th Assembly District: the soaring utility rates which have stung us over the past year and a half.

While others in the legislature have been busy chastising the Sierra Pacific Power Company and the Public Service Commission for purely political purposes, I have been formulating a workable proposal which will give us, the utility ratepayers, the best protection possible against future increases.

I refer to my plan as the "ratepayers' defense" project. ~~I am confident that it will yield positive results because it is patterned after a successful project which was instituted here in Washoe County during my three terms as chairman of the county commission.~~

Very simply my proposal envisions having the state retain on an "as needed" basis the best representation available in the highly specialized field of utility rate adjustment hearings.

As it stands now, the utility company can afford to hire high-priced specialists, lawyers, accountants and economists to represent them at utility rate adjustment hearings. All too often, here in Nevada ~~and elsewhere~~, the personnel of the government agency charged with the responsibility of protecting the ratepayer cannot match the kind of expertise exhibited by the specialists.

~~It is little wonder, then, why time after time we read in the newspapers and see on the television news that the utility company was granted yet another rate increase.~~

Perhaps the most frustrating aspect of all this is that ratepayers, through our monthly bills, end up paying for the specialists that argue against US at the utility rate adjustment hearings.

I believe that the Washoe County experience illustrates that this is the only way in which the utility ratepayer will be guaranteed a fair chance against the high powered talent contained within the utility companies' arsenal.

Sincerely,

*Bob*

Assemblyman Bob Rusk  
28th District

11/11/76  
Buck

Larry R. Hicks, District Attorney

Dick Edelman, Deputy District Attorney

Governmental Entities Contributing to Nevada  
Bell and SPPCo. Interventions

June 2, 1976

Dear Larry:

The following contributions were made by the governmental  
intervenors:

A. Nevada Bell

1. Washoe County	\$10,000.
2. Carson City	2,500.
3. Winnemucca	2,000.
4. Mineral County	500.
5. Humboldt County	2,000.
6. Lander County	1,000.
TOTAL	\$18,000.

B. Sierra Pacific Power Company

1. *Washoe County	\$17,832.89
2. *Mineral County	641.78
3. *Carson	2,500.00
4. Nye	1,000.00
5. Churchill	500.00
6. Lyon	500.00
7. Pershing	250.00
8. Reno	2,500.00
9. *Lander	283.54
10. *Humboldt	566.58
11. *Winnemucca	506.58
TOTAL	\$27,081.37

Larry Hicks - Memo

June 2, 1976

Page Two

\*Asterisk indicates that a governmental entity was entitled to a pro rata refund from Nevada Bell but contributed this amount to the Sierra Pacific intervention. The following are the amounts from Nevada Bell included in the amount contributed by each entity above to the SPPCo. intervention: Washoe \$2,832.89, Carson \$708.35, Winnemucca \$506.58, Mineral \$141.78, Humboldt \$566.58, Lander \$283.54.

---

RICHARD M. EDELMAN

RME:ph

See Attachments

<u>Mill Assessment</u>	<u>Projected Mill Assessment Revenue</u>	
	<u>1981-1982</u>	<u>1982-1983</u>
1/4	\$ 176,454	\$ 202,922
1/2*	352,908	405,844
3/4	529,363	608,767
1**	705,817	811,690
1 1/4***	882,271	1,014,612
1 1/2	1,058,725	1,217,535
1 3/4	1,235,180	1,420,457
2†	1,411,634	1,623,380
2 1/4	1,588,088	1,826,302
2 1/2††	1,764,542	2,029,225
2 3/4†††	1,940,997	2,232,147
4+	2,823,268	3,246,760

\*Minimum assessment for office of consumer advocacy proposed by initiative petition.

\*\*Public service commission request in governor's budget and ceiling for office of consumer advocacy proposed by initiative petition.

\*\*\*Ceiling for public service commission proposed in A.B. 58.

†Current collection by public service commission.

††New agency request in governor's budget.

†††Ceiling for new agency proposed in A.B. 58.

+Current ceiling pursuant to NRS 704.033.

SFH/llp/2/17/81

Major accomplishments in the Nevada Bell and SPPCo. Interventions:

A. Nevada Bell

1. We achieved a near 100% victory on overall rate of return. We supported a 8.51% overall rate of return and Nevada Bell asked for 10.46% (producing Professor Ezra Solomon, Dean Witter, Professor of Finance at Stanford University to support Bell's request). The PSC granted a 8.60% overall rate of return - within .09% of our recommendation.
2. Directory Assistance charge of 25 cents was defeated.
3. The across the board increase for all services except lifeline service and toll service rates (i.e. calls out of the local area but within Nevada) was 7% rather than the 20% requested by Bell.
4. Public telephone local calls were set at 15 cents rather than the 20 cents Bell requested. Thus the increase from 10 cents was cut by 50%.
5. The PSC accepted our recommendation that there be tighter regulation and surveillance of Nevada Bell. The PSC ordered Bell to file detailed monthly reports to allow the PSC to monitor Bell's operations effectively. In a general sense, our intervention made the point that Nevada Bell must justify any expenses or capital expenditures to the PSC and not merely assert that since they were made, therefore they are proper costs to be passed along to the ratepayer.

B. Sierra Pacific Power Co.

1. We cut the requested 11.2 million by 7.4 million to 3.77 million - or by 66 2/3%. SP got 1/3 of what they asked for in allowed revenues.
2. The PSC lowered SP's overall rate of return from 9.47% to 9.36%. SP was asking for 10.33%. (The previous overall rates of return for the gas and water departments were 9.39%).
3. We are informed that our style of intervention is the first in the country - that is, where several local governmental entities unify, pool their funds, obtain witnesses of national stature on each major issue (rate of return, rate base and other accounting matters, rate structure, and water) under a single counsel with an integrated presentation - which succeeded.
4. The PSC has decided to have in depth studies and request Federal Energy Administration funding for

rate structure studies to investigate time of use pricing. Time of use pricing would provide economic incentives for consumers to use electricity at off-peak times. Thus the 40% of capacity in SP's system not presently used would be more greatly utilized. This greater off-peak use would cost the utility less to produce and the consumer less in rates. Thus, the need for greater future expenditures to build plants to serve any growth in future peak use would be greatly decreased. All consumers would benefit because future rate increases would be kept to a minimum and consumers using electricity at the most expensive time to produce it (peak hours) would not be subsidized by those who use electricity at off-peak (less expensive) times.

5. We showed that the forecasts for growth in electricity and water demand by SP are excessive and of doubtful validity. Specifically, SP's seven year construction program of 625 million dollars is excessive and would result in over expansion, our experts say, which present ratepayers would probably have to pay for. SP electric demand studies do not properly take into account the effect of higher prices in dampening demand, the effect of limited water supply, the effect of a change to time of use pricing in lessening the need to build more plants for peak demand growth. SP also does not do reliable business and population growth forecasts.

Similar criticisms were leveled at the Glendale Water plant in terms of its necessity. Our expert said the plant could be scaled down and delayed. This would save ratepayers considerable money.

6. Washoe County would have had to pay \$126,000 more if SPPCo's request were granted. Assuming (and this is a rough approximation since tariff structures do not result in the same percentage necessarily) we save 2/3's of this \$26,000, our saving is \$84,000 or a 560% return on investment of \$15,000 in the first year. And this saving could continue in future years.

With respect to Nevada Bell, Washoe Counties bills for the 12 months ending July 31, 1975 were \$110,000 excluding long distance and not including Washoe County Hospital. A 20% increase would have meant an added \$22,000 per year (assuming the proportionate increase in total revenues granted was approximately the same as a like increase in the rate structure). Since the increase granted was 7% across the board, Washoe is paying approximately \$7,700 more per year - a saving of about \$14,000. This a 140% return on a \$10,000 investment in the first year. And it will probably continue in future years.

What I propose is NOT to create a new super consumer agency which would eat up tax dollars and still not give us the kind of quality representation we need at utility rate hearings. ~~It is NOT establishing a so-called "consumer advocate" which is favored by some but which is really only a window dressing device used by some office holders to appease angry constituents.~~

My experience with our project in Washoe County convinces me that by utilizing the very best available talent in the utility rate adjustment field on a contract basis saves money and, more importantly, produces results.

For instance, Washoe County, as the lead agency in a consortium that included ten other Nevada jurisdictions, over one year was able to:

- cut by \$7.4 million, or two thirds, the amount Sierra Pacific Power Company asked for in allowed revenues, ~~the amount the utility company can take from us.~~
- lowered Sierra Pacific's overall rate or return from 9.47% to 9.36% while the company was asking for an INCREASE to 10.33%. ~~This victory saved ratepayers thousands of dollars!~~
- documented that Sierra Pacific's demand studies were of doubtful validity. Specifically, the Sierra Pacific seven year construction program of \$625 million was deemed to be excessive and would result in overexpansion if the company was permitted to proceed with original plans. ~~Present ratepayers would have had to foot the bill for this Sierra Pacific miscalculation!!~~

These victories against Sierra Pacific Power Company, and there were others against the phone company as well, were made possible because the ratepayer had quality expert representation to rebut the highly technical arguments put forth by the utility companies.

In order for us to be adequately protected against future utility rate increases I think it is imperative that we establish a "ratepayers'" project at the state level.

A state legislative counsel bureau report, which I requested, clearly points out that there are ample funds within the Public Service Commission's authorized budget ceiling to retain specialized counsel to battle the utility companies on your behalf without the continuing cost of establishing yet another government agency.

*Will note*



ASSEMBLY ACTION	SENATE ACTION	Assembly.....AMENDMENT BLA
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	AMENDMENTS to..... Assembly
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>	Bill No. 85 <del>Joint</del> Resolution No.....
Date: <input type="checkbox"/>	Date: <input type="checkbox"/>	BDR..... 58-121
Initial: <input type="checkbox"/>	Initial: <input type="checkbox"/>	Proposed by..... Committee on Government
Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>	Affairs
Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>	
Date: <input type="checkbox"/>	Date: <input type="checkbox"/>	
Initial: <input type="checkbox"/>	Initial: <input type="checkbox"/>	

Amendment N<sup>o</sup> 96

Amend sec. 2, page 1, line 4, after "representing" by inserting "residential and small commercial".

Amend the bill as a whole by adding a new section designated sec. 2.5, following sec. 2, to read as follows:

"Sec. 2.5. As used in this Title:

1. A residential customer is one who purchases electricity or gas from a public utility for use in his own home, whether owned or rented, fixed or mobile, detached or part of a complex of residential units.

2. A small commercial customer is any other customer whose consumption is not more than:

(a) Three thousand five hundred kilowatt-hours of electricity per month; or

(b) Fifty thousand cubic feet of gas per month,

*such* as the case may be."

Amend sec. 4, page 1, line 12, by deleting the period and inserting: "which affect residential or small commercial customers."

Amend sec. 4, page 1, line 13, after "any" by inserting "such".

Amend sec. 4, page 2, line 4, before "utility" by inserting "residential or small commercial".

Amend sec. 10, page 3, by deleting line 27 and inserting: "to the commission [.] or the administrator of the office of representation, according to the class of customer."

Amend sec. 10, page 3, by deleting line 29 and inserting:

"commission or office of representation shall provide the public utility

Amend sec. 10, page 3, line 31, by deleting "[commission]" and inserting "commission or".

Amend sec. 10, page 3, line 34, by deleting second "the" and inserting "each".

Amend sec. 11, page 4, lines 3 and 4 by deleting both brackets.

Amend sec. 11, page 4, line 7, by deleting both brackets.

Amend sec. 11, page 4, by deleting line 42 and inserting:

"4. After [full] its investigation or hearing, whether completed".

Amend sec. 12, page 5, by deleting lines 46 through 48 and inserting:

"5. The commission or the office of representation may at any time, upon its own motion, investigate any of the rates, tolls, charges, rules, regulations, practices and service [, and,] . If the office investigates, it shall provide the com-".

Amend the bill as a whole by deleting sections 14 and 15 and inserting

"Sec. 14. (Deleted by amendment.)"

Sec. 15. (Deleted by amendment.)".

Amend sec. 16, page 7, line 38, before "customers" by inserting "residential and small commercial".

Amend the bill as a whole by deleting sec. 17 and inserting:

"Sec. 17. (Deleted by amendment.)".

Amend the title of the bill, second line, before:

"customers" by inserting "residential and small commercial".

MATERIALS FOR CONSIDERATION  
ASSEMBLY GOVERNMENT AFFAIRS SUBCOMMITTEE ON  
CONSUMER ADVOCACY

March 4, 1981

TABLE OF CONTENTS

1. Staffing, organization, budgets.
2. Correspondence from Larry Struve, chief deputy attorney general, dated February 26, 1981.
3. Statutory qualifications of consumer advocate and staff.
4. Analysis of initiative petition.
5. Frequency of utility rate increase requests.
6. Appointment of consumer advocate.
7. Barvick letter and survey of the resources of state utility consumer advocates.
8. Gormley article entitled Impacts of Public Advocates on Public Utility Regulatory Policy.
9. Mill assessment.
10. Consultant/contractual services.
11. Scope of responsibility of consumer advocate.

Research Division  
SFH/llp

Exhibit  
THIS ~~IS~~ IS 92 PAGES LONG.  
CONTACT THE RESEARCH LIBRARY  
FOR A COPY OF THE COMPLETE ~~SET~~

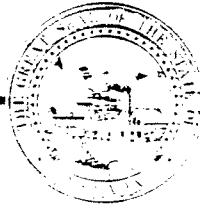
Exhibit

420

Exhibit F

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
CAPITOL COMPLEX  
CARSON CITY, NEVADA 89710



LEGISLATIVE COMMISSION (702) 885-5627

KEITH ASHWORTH, *Senator, Chairman*  
Arthur J. Palmer, *Director, Secretary*

INTERIM FINANCE COMMITTEE (702) 885-5640

DONALD R. MELLO, *Assemblyman, Chairman*  
Ronald W. Sparks, *Senate Fiscal Analyst*  
William A. Bible, *Assembly Fiscal Analyst*

ARTHUR J. PALMER, *Director*  
(702) 885-5627

FRANK W. DAYKIN, *Legislative Counsel* (702) 885-5627  
JOHN R. CROSSLEY, *Legislative Auditor* (702) 885-5620  
ANDREW P. GROSE, *Research Director* (702) 885-5637

March 3, 1981

M E M O R A N D U M

TO: Chairman and Members of the Assembly Committee on  
Government Affairs' Subcommittee on Consumer Advocacy

FROM: Samuel F. Hohmann, Senior Research Analyst

SUBJECT: Information for Assembly Government Affairs' Subcommittee  
on Consumer Advocacy.

In response to the subcommittee's request regarding consumer advocate offices' staffing, operations and budgets, information has been obtained from the 12 offices listed below. Summary sheets for each state are attached.

- Arkansas Office of the Attorney General, Division of Energy Conservation and Rate Advocacy
- Florida Office of the Public Counsel
- Office of the Consumers' Utility Counsel of Georgia
- Indiana Office of Public Counselor
- Kentucky Office of the Attorney General, Division of Consumer Protection
- Michigan Office of the Attorney General, Special Litigation Division, Electrical Utility Consumer Services
- Missouri Office of the Public Counsel
- New Mexico Office of the Attorney General, Energy Unit of the Consumer Division

Page 2

- New York Attorney General's Office
- Ohio Office of the Consumers' Counsel
- Pennsylvania Office of Consumer Advocate
- South Carolina Department of Consumer Affairs, Division of Consumer Advocacy

Additional information is expected from the Massachusetts Office of the Attorney General.

SFH/jld  
Attachment

## ARKANSAS

### Budget

Personnel		Contractual	Other	Total
Director	\$ 27,500	\$ 75,000	\$ 60,876	
Economist	21,500			
Attorney	20,500			
Administrative Assistant	17,850			
Secretary	<u>13,500</u>			
<b>Total</b>	<b>\$100,850</b>	<b>\$ 75,000</b>	<b>\$ 51,959</b>	<b>\$ 227,809</b>

### Organization

The Division of Energy Conservation and Rate Advocacy (DECRA) is a division of the Office of the Attorney General. There are two advisory bodies, the DECRA Advisory Council, which makes policy recommendations to DECRA on issues to pursue in hearings before the PSC, and the Sounding Board, which reviews DECRA activities but has no decision-making powers.

### Staff

**Director** - responsible for directing and supervising the staff;  
 making various policy decision in regard to DECRA activities and issues;  
 serving as liaison with the Advisory Council, Sounding Board, and the Attorney General;  
 implementing the goals, objectives and activities of the Division;  
 assisting consumer groups in their preparation for utility cases;  
 compiling information on issues;  
 mobilizing the professional community in Arkansas to assist in presenting the consumer's viewpoint in utility cases;  
 maintaining public relations;  
 conducting seminars and workshops;  
 participating in electric utility cases before regulatory agencies.

**Attorney** - sharing litigation responsibilities with the Director.

**Economist** - analyzing utility cases and developing expert testimony on economic issues for consumer groups and the Office itself;  
 assisting attorneys in DECRA, the Litigation Division, and those retained by consumer groups, in understanding the issues and in analyzing the utility's presentation;  
 developing an electric utility and energy data base and methods for storing and retrieving this data, utilizing computers and computer programs available from numerous sources;  
 helping develop curricula for seminars and intern programs and for proposed utility courses in law schools, graduate schools, and division of continuing education;  
 assisting in conducting seminars and workshops on economic issues and utility regulation for consumer groups and other special interest groups which may request such assistance;  
 helping develop programs to predict the economic effect of utility rate increase applications, alternative rate structures, and energy conservation measures and techniques;  
 assisting the Public Service Commission and others in developing and implementing alternative energy sources such as proposed in an Arkansas case.

**Administrative Assistant** - reporting to the U.S. Department of Energy;  
 handling D.O.E. funds;  
 administering the intern program;  
 drafting newsletters;  
 responding to office inquiries and correspondence;  
 assisting in the collection and dissemination of information to groups and individuals;  
 assisting individual consumers with related electric rate and billing problems;  
 assisting in the presentation of seminars.

**Secretary** - assisting on certain administrative functions and procedures;  
 developing and maintaining filing systems;  
 handling certain correspondence and information requests;  
 bookkeeping.

FLORIDA

Budget

Personnel		Contractual	Other	Total
Director	\$ 43,000	\$ 75,000	\$ 99,169	
Attorney (6)	(\$19,356 - 34,524)			
Clerical (5)	(\$9,672 - 23,040)			
Legislative Analyst (6)	(\$19,356 - 36,960)			
Analyst				
Accountant				
Economist				
Total	\$ 434,831	\$ 75,000	\$ 99,169	\$ 601,403

Organization

The Office of the Public Counsel exists under the auspices of the Joint Legislative Auditing Committee, and the Public Counsel serves at the pleasure the the Committee.

Staff

Attorney II (Grade 23; \$19,356 - 26,340) - Under supervision, provides legal counsel, advice and opinions to assigned state agencies and officials on legal matters of ordinary complexity; assists other attorneys in representing the Legislature and other state agencies in criminal, civil and equity litigations; performs related duties as required.

Minimum training, experience and qualifications required: Admission to the Florida Bar and one year's legal experience.

Attorney III (Grade 26; \$23,472 - 32,292) - Under supervision, provides legal advice and counsel on legal matters of more than ordinary complexity; may represent the Legislature and state agencies in criminal, civil and equity litigations or ordinary complexity; performs related duties as required.

Minimum training, experience and qualifications: Admission to the Florida Bar and two years of professional legal experience.

Attorney IV (Grade 27; \$25,020 - 34,524) - Under direction, plans, organizes and directs the legal division of a state agency or serves as a senior member of the Statutory Revision staff, providing professional legal advice and counsel to state agencies and officials on complex legal matters; represents the Legislature and state agencies in criminal, civil and equity litigations including appeals; performs related duties as required.

Minimum training, experience and qualifications required: Admission to the Florida Bar and three years' professional legal experience.

Legislative Analyst II (Grade 23; \$19,356 - 26,340) - Under general supervision, conducts advanced research and analysis work; determines methods for gathering, tabulating and analyzing information; prepares final reports and supervises lower level research employees; performs duties as required.

Minimum training, experience and qualifications required: Graduation from an accredited college or university; and four years of experience in research-related work for a legislative committee, one year of the experience shall have been at the level of Legislative Analyst I for a legislative committee or for similar groups; or any combination of experience and education equivalent to 8 years as described above.

Legislative Analyst III (Grade 26; \$23,472 - 32,292) - Under general supervision, independently researches and analyzes information; determines methods for gathering information; prepares final reports; drafts legislation; represents the state at study conferences; supervises lower level employees; performs duties as required.

Minimum training, experience and qualifications required: Graduation from an accredited college or university and five years of experience in research-related work for a legislative committee or for similar groups; a minimum of one year in each of the classification of Legislative Analyst I and Legislative Analyst II is required; or any combination of experience and education equivalent to 9 years as described above.

FLORIDA (continued)

Legislative Chief Analyst (Grade 28; \$26,688 - 36,960) - Supervises lower level employees in the research and analysis of information; determines methods for gathering information; prepares final reports; drafts legislation; represents the state at study conferences; performs related duties as required.

Minimum training, experience and qualifications required: Graduation from an accredited college or university and five years of experience in research-related work for a legislative committee or for similar groups, or graduation from a standard high school and ten years of experience as described above. A Master's Degree may be substituted for one year and a Doctor's Degree for two years of the required experience. A minimum of one year of experience is required at the Legislative Analyst III level.

Legislative Secretary IV (Grade 11; \$9,672 - 12,576) - Provides confidential secretarial service to a supervisor in the Legislature. Performs varied and complex secretarial, administrative and office management duties.

Minimum training, experience and qualifications required: Graduation from high school or possession of a high school equivalency diploma and three years of secretarial and/or clerical experience or, possession of a Certified Professional Secretary Certificate and one year of post-certification experience. Successfully completed studies beyond high school level may be substituted for the required experience at the rate of 720 classroom hours or 30 semester hours per year. Necessary special requirement: ability to type at a rate of 45 correct words per minute and ability to take and transcribe dictation is optional as required by the supervisor.

Executive Secretary I (Grade 13; \$10,764 - 14,100) - Provides confidential secretarial service and routine administrative duties to an agency head; performs related duties as required.

Minimum training, experience and qualification required: Graduate of high school and college or secretarial school and five years of secretarial experience, including at least three years as a legal secretary or special office experience. Take dictation at 100 w.p.m. and type at 65 w.p.m.

Administrative Assistant III (Grade 21; \$17,064 - 23,040) - Under general supervision, assists an administrative supervisor in a variety of administrative matters requiring a thorough understanding of the policies and programs of the organization; relieves the supervisor by performing or coordinating a variety of complex operational matters; performs related duties as required.

Minimum training, experience and qualifications required: Graduation from college with five years' experience in staff or administrative work. Responsible experience as required above may be substituted on a year-for-year basis for the required college training.



GEORGIA

Budget

Personnel		Contractual	Other
Counsel	\$ 30,000 (FY 79)	\$ 20,000	\$ 36,043
Attorney and Computer Specialist	21,000		
Accountant	18,750		
Financial Analyst	16,000		
Director, Division of Consumer Relations	16,000		
Staff Attorney, Electric Cases	14,000		
Staff Attorney, Nonelectric Cases	14,000		
Research Assistant (3)	12,000		
Librarian	12,000		
Administrative Assistant	12,000		
Confidential Secretary	10,800		
Secretary/Receptionist	9,000		
Subtotals	\$ 258,029 (FY 81)	\$ 20,000	\$ 36,043
Total FY 81 Budget: \$ 314,072			

Organization

In June 1980, the Office of Consumers' Utility Counsel was appointed to the Governor's staff as a result of expiration of the Consumers' Counsel Act which created the office for a fixed number of years. The office has been given the status of an independent agency and is authorized to appear as a party of record, with access to Georgia Public Service Commission discovery powers, in Commission proceedings. There is also a Consumers' Advisory Committee which assists the Counsel in policy making.

Staff

- Consumers' Utility Counsel - B.S., University of Georgia, Athens, and J.D. cum laude University of Georgia Law School; has practiced law privately and as Assistant Attorney General for the State of Georgia's Law Department, where he drafted and enforced laws regulating business practices and environmental protection; was an administrative hearing officer for the Georgia Department of Natural Resources prior to becoming Counsel.
- Consumer Relations Director and Liaison with the Advisory Committee - B.A., Morehouse College, Atlanta, and J.D., Indiana University School of Law; was formerly employed as a service consultant to the Southern Bell Telephone and Telegraph Co. in Atlanta; conducted legal research on matters relative to municipal government for the City Attorney's Office, City of Atlanta.
- Executive Assistant - Attends Georgia State University; is experienced in office management, including personnel, affirmative action, accounting, budgeting, federal reporting, auditing, procurement, payroll, and policy and procedure development.
- Staff Attorney - B.A. political science, Syracuse University, New York, and J.D. Emory University School of Law, Atlanta; interned at the Georgia Department of Human Resources, Atlanta; prepared litigation for administrative agencies.
- Information Assistant - Attended Georgetown University; previous experience included personnel administration and computer data entry.
- Confidential Secretary - Attended Georgia Southwestern College, Americus; DeKalb Community College, Clarkston; and Georgia State University, Atlanta; previous experience included personnel and legal secretary functions for the Fulton County District Attorney's Office.
- Consumer Relations Specialist/Research Assistant - B.A. magna cum laude Vassar College, M.A. Yale University; conducted research projects on public policy issues for Research Atlanta, a nonprofit organization; served as an Information Officer for the Georgia Consumer Services; experienced in print and broadcast media.
- Financial Analyst - B.A. Duke University, J.D. cum laude University of Georgia, Athens, L.L.M. in tax law, University of Virginia, Certified Public Accountant; experienced in rate case analysis, tax research, auditing.
- Staff Attorney - B.A. Emory University, J.D. Emory University School of Law; has been employed by the DeKalb County Board of Commissioners, the State of Georgia, and a utility consumer organization.
- Attorney and Computer Specialist - B.S. in electrical engineering, Georgia Institute of Technology, Atlanta, J.D. Woodrow Wilson College of Law, Atlanta, graduate coursework in engineering, University of Florida, Gainesville, Florida; formerly practiced in several law firms and designed computer test systems.

INDIANA

Budget

Personnel		Contractual	Other	Total
Public Counselor		\$ 625,000	NA	
Deputy Public Counselor				
Assistant Public Counselor (3)				
Certified Public Accountant				
Secretary (3)				
	_____	_____	_____	_____
Total	NA	\$ 625,000	NA	\$ 900,693

Organization

The Office of Public Counselor is an independent agency created in 1933 to represent the public in all public utility matters before the Public Service Commission of Indiana.

Staff

Additional information not available.

KENTUCKY

Budget

Personnel	Contractual	Other	Total
Attorney General	NA	NA	
Assistant Deputy Attorney General			
Assistant Attorney General (8)			
Investigator (3)			
Consumer Education Specialist			
Consumer Protection Specialist (2)			
Research Analyst			
Legal Secretary (6)			
Principal Clerk Stenographer (2)			
Principal Clerk			
Principal Clerk Typist			
<b>Total</b>	NA	NA	NA

Organization

The Attorney General's Division of Consumer Protection is divided into four functional staff units. These are the litigation section, including assurances of voluntary compliance, consumer protection litigation, and anti-trust; intervention before ratemaking and regulatory bodies, and the courts; consumer services, specifically complaint mediation; and consumer education.

Staff

Additional information not available.

MASSACHUSETTS

Budget

Personnel		Contractual	Other	Total
Public Counsel	\$ 25,000	\$ 10,000	NA	
Attorney (6)	\$ 17,000-22,000			
Rate Analyst (2)	\$ 22,000			
Cost of Service				
Analyst	-			
CPA	\$ 20,000			
Engineer	-			
Administrative				
Assistant	\$ 16,000			
Research				
Assistant	-			
Administrative				
Secretary	-			
Total		NA	\$ 10,000	NA
				\$ 250,000

Organization

The Utilities Division is one of the divisions of the Massachusetts Attorney General's Office.

Staff

Additional information not available.

MICHIGAN

Budget

Personnel		Contractual	Other	Total	
Division Head - up to	\$ 55,000				
Attorney (3) -	\$ 30's-40's	\$ 125,000	NA		
Technical Analysts (2)	\$ 30's-40's				
Clerical (2)					
Total		NA	\$ 125,000	NA	\$ 500,000

Organization

Electrical Utility Consumer Services is part of the Special Litigation Division of the Michigan Attorney General's Office.

Staff

Additional information not available.

MISSOURI

Budget

Personnel (15 FTE)		Contractual	Other	Total
Public Counsel	\$ 34,000	\$ 45,000	\$ 65,918	
First Assistant Public Counsel				
Assistant Public Counsel (3)				
Chief Accountant				
Utility Accountant (3)				
Chief Economist				
Utility Economist				
Chief Engineer				
Executive Secretary				
Legal Secretary (2)				
<b>Total</b>	<b>\$ 330,110</b>	<b>\$ 45,000</b>	<b>\$ 65,918</b>	<b>\$ 441,028</b>

Organization

The Office of Public Counsel is a division of the Department of Consumer Affairs, Regulation and Licensing.

Staff

Chief Utility Account - Is a CPA with an M.B.A. in accounting; provides technical advice on matters pending in the office; prepares and presents testimony in cases; initiates research projects.

Chief Utility Economist - has Ph.D.; provides technical advice on matters pending in the office; prepares and presents testimony in cases; initiates research projects.

Senior Utility Economist - is completing Ph.D. in economics; provides technical advice on matters pending in the office, prepares and presents testimony in cases; initiates research projects.

Utility Account - has B.S. in economics, M.S. in accounting, provides technical advice on matters pending in the office, prepares and presents testimony in cases; initiates research projects.

NEW MEXICO

Budget

Personnel		Contractual	Other	Total
Director (Attorney V) (\$ 27,432-40,536)		\$ 140,000 (est.)	\$ 35,000 (est.)	
Attorney IV) (2 1/2) (\$ 24,900-40,536)				
Financial Analyst (\$ 24,000-40,000) (not in 80-81 budget)				
Total	\$ 77,500	\$ 140,000 (est.)	\$ 35,000 (est.)	\$ 245,090

Organization

The Energy Unit of the Consumer Division is an operational part of the New Mexico Attorney General's Office. Accountability to the Attorney General is through the Consumer Division.

Staff

Attorney V (Range 31; \$27,432 - 40,536) - performs governmental legal work of the highest degree of professional difficulty; acts as Deputy Attorney General or chief attorney to a state agency having legal functions of a highly specialized nature or of unusual difficulty and complexity.

Minimum Qualifications: Admission to the State Bar of New Mexico plus any combination of experience in the general practice of law or as an attorney for a public or private employer or as a law clerk adding up to four years. At least three years must have been as an attorney.

Attorney IV (Range 29; \$24,900 - 40,536) - performs difficult professional legal duties in the Attorney General's Office or other state agencies; if assigned to the Attorney General, may have general supervision over the legal program of a number of agencies with responsibility for difficult legal matters.

Minimum Qualifications: Admission to the State Bar of New Mexico plus any combination of experience in the general practice of law or as an attorney for a public or private employer or as a law clerk adding up to three years. At least two years must have been as an attorney.

Attorney III (Range 27; \$22,572 - 38,604) - performs complex professional legal work in the Attorney General's Office or other state agencies; if assigned to the Attorney General's Office may have general supervision over the legal program of a number of agencies.

Minimum Qualifications: Admission to the State Bar of New Mexico plus any combination of two years experience in the general practice of law or as an attorney for a public or private employer or as a law clerk adding up to two years. At least one year must have been as an attorney.

NEW YORK

Budget

Personnel		Contractual	Other	Total
Public Counsel	\$ 38,623	\$ 94,000		
Attorney (5)				
Chief Systems Analyst				
Chief Rates Analyst				
Chief Engineer				
Senior Economist				
Accountant				
Econometrician				
Computer Programmer				
Assistant to the Director				
Clerical (4)				
Total	NA	\$ 94,000	NA	\$ 676,200

Organization

The Energy and Utilities Unit of the New York State Attorney General's Office (Department of Law) has the primary responsibility for energy and utility matters, in particular the economic and regulatory issues raised by energy production and development. The unit focuses on long-range implications of the development of new energy resources and conservation techniques, with a view toward keeping rates down.

Staff

Additional information not available.



## OHIO

Budget

Personnel		Contractual	Other	Total
Consumers' Counsel	\$ 39,000	\$ 1,000,000	\$ 462,996	
Legal Services (22)				
Legal Director				
Staff Attorneys				
Others				
Technical Services (19)				
Technical Director				
Technical Advisor				
Others				
Consumer Services (11)				
Deputy Director				
Others				
Administration (14)				
Deputy Director				
Others				
Subtotals for all of the above				
Attorney (16)				
Legal Intern (2)				
Legal Aide				
Clerical (20)				
Nonclerical				
Administrative (10)				
Nonclerical Technical (12)				
Nonclerical Consumer Services (8)				
Total	\$1,691,725	\$1,000,000	\$ 462,996	\$ 3,154,721

Organization

The Office of the Consumers' Counsel is organized on three levels: a nine-member Governing Board, the Consumers' Counsel, and four divisions (legal, technical, and consumer services and administration).

Staff

- Consumers' Counsel** - The chief administrative officer for the agency, responsible for day-to-day operations and the development of programs and policies to present to the Governing Board for consideration.
- Legal Services**, headed by the Legal Director - Provides legal representation for Ohio's residential utility consumers. Staff attorneys represent the office, on behalf of the residential utility consumers of the State of Ohio, in regulatory proceedings on the state and federal level.
- Technical Services**, headed by the Technical Director - Recommends policy positions on significant issues facing utility regulation; testifies in regulatory proceedings; hires and monitors consultants who assist in preparing testimony for formal proceedings at the PUCO and before other regulatory bodies; analyzes the effectiveness of OCC's participation in regulatory cases; conducts special studies of regulatory issues and utility company operations.
- Consumer Services**, headed by a Deputy Director - Responds to individual consumer complaints about utility company services and policies; publishes a monthly newsletter and pamphlets; conducts workshops and public forums to inform the public about important cases and issues; conducts studies of utility problems affecting consumers; participates in the preparation and conduct of complaint cases.
- Administration**, headed by a Deputy Director - Handles all fiscal and personnel functions of the office, including overseeing all budgetary expenditures made by OCC; maintains a liaison with federal and state legislative bodies and agencies.

PENNSYLVANIA

Budget

Personnel		Contractual	Other	Total
Consumer Advocate	\$ 41,232	\$ 689,548	NA	
Legal Division - Attorney (10)				
Operations Division (10-14)				
Economics and Research Section				
Accounting Section				
Operations Section				
Clerical (6)				
<b>Total</b>	NA	\$ 689,548	NA	\$ 1,524,000

Organization

The Office of Consumer Advocate has been placed within Pennsylvania Department of Justice for administrative purposes and operates independently otherwise.

Staff

**Consumer Advocate** - responsible for organizing, planning, directing and coordinating all office functions; background and experience include law degree, Harvard University; two years in the Peace Corps; three years as an attorney for Community Legal Services in Philadelphia; Deputy Attorney General in charge of the state Justice Department's Human Services Division; Executive Assistant for Public Affairs in the state Department of Education.

**Qualifications:** A sympathetic attitude towards the interests of consumers and pledged to protect those interests.

**Legal Division** - handles the legal advocacy, both formal and informal, from rate cases to rule-making proceedings.

**Operations Division**

**Economics and Research Section** - provides the OCA with the economic, technical, and financial data necessary to develop its case or policy positions including preparation of expert testimony where possible.

**Accounting Section** - provides the OCA with the economic, technical, and financial data necessary to develop its case or policy positions including preparation of expert testimony where possible.

**Operations Section** - handles all OCA fiscal and personnel functions as well as those involving the physical plant; handles the public information duties; develops the OCA's legislative program; oversees the resolution of individual customer service complaints; acts as a liaison with consumer groups statewide and other state agencies.

SOUTH CAROLINA

Budget

Personnel		Contractual	Other	Total
Consumer Advocate	\$ 41,000	\$ 170,000		
Attorney (5)				
Complaint Investigator (2)				
Secretary (3)				
Law Clerk				
Total	NA	\$ 170,000	NA	\$ 361,000

Organization

The division of Consumer Advocacy is part of the South Carolina Department of Consumer Affairs. It is authorized to represent the consuming public before state regulatory agencies which set prices for consumer goods and services. The Administrator of the Department of Consumer Affairs is the Consumer Advocate. An Assistant Consumer Advocate functions as head of the division and supervises staff attorneys, investigators, and secretarial staff.

Staff

Additional information not available.



STATE OF NEVADA  
OFFICE OF THE ATTORNEY GENERAL

CAPITOL COMPLEX  
CARSON CITY 89710

RICHARD W. BRYAN  
ATTORNEY GENERAL

(702) 885-4170

LARRY D. STROVE  
CHIEF DEPUTY ATTORNEY GENERAL

February 26, 1981

Samuel F. Hohmann  
Senior Research Analyst  
Legislative Counsel Bureau  
Legislative Building  
Capitol Complex  
Carson City, Nevada 89710

Re: Development of Legislation to Create Office of  
Consumer Advocacy Within Attorney General's Office

Dear Sam:

This will acknowledge receipt of your letter of February 19, 1981, in which you have requested on behalf of the Subcommittee of the Assembly Government Affairs Committee studying the proposals to create an Office of Consumer Advocacy that a member of the staff of this Office establish a liaison with the Subcommittee and be available for comment in the course of its deliberations.

This is to advise that Attorney General Bryan has asked me to establish the requested liaison and to work with the Subcommittee in its efforts to create a Consumer Advocate within the Attorney General's Office. In this regard, it is my understanding from your letter that the policy decision has been made to establish such a position within this Office. Accordingly, our assistance to the Subcommittee will concentrate on defining what the role of this Office will be, establishing through clear statutory authority how this role will be carried out, and establishing a budget that is sufficient to establish a viable program for the 1981-83 biennium.

You have requested information as to how the Consumer Advocate and staff could be physically integrated into our existing Office space. The short answer is that our existing facilities would have to be remodeled to accommodate this new function. However, before discussing specific

X

details involving Office location, there are a number of issues that should be resolved first, so that this Office has a clear idea of what type of staff will be needed to carry out the new statutory duties being contemplated by the Subcommittee. These issues are as follows:

1. What type of personnel and how many new positions are being contemplated for the Consumer Advocate's Office? From information provided to our Office, a workable program must include staff capability to review applications filed with the PSC and to review the accounting and other records of utilities in areas subject to PSC regulation and control. Accordingly, in addition to attorney positions, a Consumer Advocate's Office would need other professionals on the staff in the areas of accounting, economics, engineering, and rate structure. Clerical support staff would also be necessary to assist the staff professionals.
2. Where should the Consumer Advocate's Office be housed? In this regard, the Attorney General's Office has a pending capital improvement request for the 1981-83 biennium to renovate the basement of the Heroes Memorial Building to provide for additional attorneys' offices and secretarial space. Preliminary estimates for this renovation are \$350,000 in construction costs, together with \$100,000 in related expense pertaining to design, inspection, and other fees. The Manager of the Public Works Board can provide you with detailed information on this project. If the Consumer Advocate is not housed in the Attorney General's Office, the cost of leasing space would have to be included in the proposal. In any event, the amount and type of space needed for the unit will depend on its size. Also, the date on which the Office is to be activated will be an important factor in properly assessing the housing costs. If an office must commence operations on July 1, 1981, leased space may be necessary while awaiting remodeling of the Heroes Memorial Building. For your information, Attorney General Bryan strongly supports the concept of locating all attorneys on his staff under one roof, to facilitate better supervision.
3. Are the salary levels contemplated for the various professional positions in the Attorney General's Consumer Advocate Office to be the same as equivalent positions on the PSC staff? At the present time, the

Attorney General is asking that Chief Deputies of Divisions within this Office be programmed in a salary classification that would top out at \$37,000. No information has been developed to date concerning comparable salaries for auditors, economists, or engineers, who would be part of the staff of a Consumer Advocate's Office.

4. How much money should be budgeted for the hiring of consultants to prepare cases in which the Consumer Advocate will become involved? This is probably the most important part of a Consumer Advocate's budget, in view of the fact that retained consultants provide the expert testimony on which the administrative record of the Public Service Commission is based in connection with its decisions on rate cases and other matters. The amount budgeted for outside consultants should probably equal the sum of money budgeted for a permanent staff, because of the importance of this function in consumer advocacy in rate cases.
5. Who will the Consumer Advocate represent? It is absolutely essential that the "client" of the Consumer Advocate be identified in the statute, so that any potential conflicts of interest are resolved prior to activation of the office. Since there are many different classes of ratepayers, the Subcommittee should consider a policy decision as to who the primary "client" of the Consumer Advocate would be. Perhaps residential ratepayers could be the primary "client," with discretion given to the Consumer Advocate to extend the "client" class to include other classes of ratepayers where no conflict would exist.
6. What will be the scope of duties assigned to the Consumer Advocate's Office? This Office should not function as a regulatory agency, and maximum flexibility should be provided to the Consumer Advocate to pick and choose those cases in which the limited resources of the Consumer Advocate's Office will be used to represent consumers. In this connection, the Consumer Advocate should have some independent right to inspect and review books and records of utilities, together with rights of subpoena and inspection powers in preparing for cases to be brought before or pending before the Public Service Commission.
7. How will the Consumer Advocate be appointed and for what period of time will the Consumer Advocate serve?

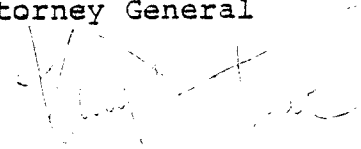
Samuel F. Hohmann  
February 26, 1981  
Page 4

8. If an Office of Consumer Advocacy is created in the Attorney General's Office, will the Attorney General still have a statutory duty to represent the Public Service Commission in any litigation in which it becomes involved? Obviously, the potential conflict here should be addressed, though the role of the Attorney General in representing the State of Nevada where state interests are involved should be preserved.

I look forward to hearing from you, advising what assistance will be needed from the Subcommittee as it develops a bill to create an Office of Consumer Advocacy.

Sincerely,

RICHARD H. BRYAN  
Attorney General

By   
Larry D. Struve  
Chief Deputy Attorney General

LDS:jc

cc: Assemblyman Don Mello  
Assemblyman Joe Dini  
Senator Spike Wilson



March 2, 1981

TO: Chairman and Members of Assembly Government  
Affairs Subcommittee on Consumer Advocacy

FROM: Samuel F. Hohmann, Senior Research Analyst

SUBJECT: Statutory Qualifications of Consumer Advocate  
and Staff

This memorandum is in response to your request for information regarding statutory qualifications of the consumer advocate and staff.

Consumer Advocate to be Assistant Attorney General

Several states whose consumer advocate is an assistant attorney general do not specify additional qualifications statutorily as is the case of Alabama, Massachusetts, Michigan, Mississippi, New Mexico, Oklahoma, and Virginia. Several other states, including Hawaii, South Dakota, and Utah, are represented by counsel from the attorney general's office.

Consumer Advocate to be Attorney

At least eight states' laws require the consumer advocate to be licensed to practice law in the state. The eight states are Florida, Georgia, Indiana, Missouri, New Jersey, New York, Ohio and South Carolina, the consumer advocate offices of which are independent of the attorney general's office. (The Connecticut consumer counsel is to be compensated at the same as the position of assistant attorney general.)

Other Statutory Requirements for Consumer Advocate

Several states' statutes specify other requirements for the consumer counsel. In Georgia, Indiana, and Ohio, the consumer advocate must have "knowledge and experience to practice in public utility proceedings." Connecticut law requires a "strong commitment and involvement in efforts to safeguard the rights of the public." Finally, the Pennsylvania consumer advocate must be "qualified to represent the interests of consumers."



Other Staff

At least eleven states' statutes suggest the types of supportive staff the consumer advocate should have. In general, the supportive staff include legal experts, utility regulation experts, and clerical staff. Specific provisions for the eleven states are identified below. Services of consultants are specifically mentioned in the laws of Alabama, Connecticut, and Georgia.

Alabama: Attorneys, expert witnesses, office and clerical help.

California: Director, clerical and other.

Connecticut: Consultants including economists, capital cost experts, rate design experts.

Florida: Clerical and technical assistance; consultants including attorneys and other experts.

Georgia: Consultants, expert witnesses, accountants, engineers, attorneys, investigators, stenographers, other technical, clerical.

Hawaii: Engineers, accountants, investigators, clerks, stenographers.

Indiana: Accountants, utility economists, engineers, attorneys, stenographers.

Missouri: Employees and experts.

Ohio: Officers, experts, lawyers, engineers, economists, statisticians, accountants, inspectors, clerks, stenographers.

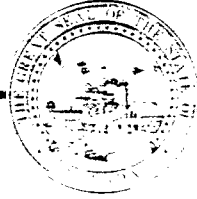
Pennsylvania: Attorneys and clerical, technical, and professional staff.

South Carolina: Professional, technical, and research specialists.

SFH:jlc

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

LEGISLATIVE COMMISSION (702) 885-5627  
KEITH ASHWORTH, *Senator, Chairman*  
Arthur J. Palmer, *Director, Secretary*  
INTERIM FINANCE COMMITTEE (702) 885-5640  
DONALD R. MELLO, *Assemblyman, Chairman*  
Ronald W. Sparks, *Senate Fiscal Analyst*  
William A. Bibie, *Assembly Fiscal Analyst*



ARTHUR J. PALMER, *Director*  
(702) 885-5627

FRANK W. DAYKIN, *Legislative Counsel* (702) 885-5627  
JOHN R. CROSSLEY, *Legislative Counsel* (702) 885-5627  
ANDREW P. FROSE, *Research Director* (702) 885-5627

March 3, 1981

M E M O R A N D U M

TO: Chairman and Members of the Assembly Committee on  
Government Affairs' Subcommittee on Consumer Advocacy

FROM: Samuel F. Hohmann, Senior Research Analyst

SUBJECT: Analysis of Initiative Petition

This memorandum is in response to your request for an analysis of the initiative petition pending before the Nevada legislature. The analysis includes the following elements: background, existing law, provisions, other states' actions, cost, and comments.

I hope this information is helpful. If you have any questions or would like additional information, please do not hesitate to contact me.

SFH/jld

Attachment: Analysis of the Initiative Petition to create a  
Division of Consumer Advocacy in the Attorney  
General's Office.

ANALYSIS OF THE INITIATIVE PETITION TO CREATE  
A DIVISION OF CONSUMER ADVOCACY IN THE ATTORNEY GENERAL'S OFFICE

Background

In response to escalating energy utility rates, an initiative petition to establish an office to represent residential ratepayers before the public service commission was circulated in 1980. The response was more than 38,000 signatures applied to the petition an amount sufficient to meet statutory requirements for presentation to the Nevada legislature and the voters of Nevada.

Existing Law

There is no existing law which provides for organized, exclusive representation of residential ratepayers before the public service commission. The public service commission's division of consumer relations (NRS 703.290 cf.) functions as a complaint service related to public utilities, but neither that division nor any of the other commission staff are entitled to exclusively represent residential ratepayers. Nor are commission staff allowed to petition the commission or appeal its decision.

Provisions of the Initiative Petition

The initiative petition before the 61st session of the Nevada legislature does the following:

- Section 1. (a) Creates a division of consumer advocacy in the attorney general's office.
- (b) Lists responsibilities of the newly created division including:
1. To review all electric, natural gas, water and telephone utilities applications;
  2. To intervene before PSC in any case;
  3. To initiate or intervene in judicial review;

4. To participate in PSC decision appeals;
5. To represent the people of Nevada and the ratepaying public.

Section 2. Allows the cost of the attorney general's division of consumer advocacy subsequent to legislative budget approval to be paid out of the PSC special revenue fund.

- Section 3. (a) Allows the PSC to retain independent counsel when action is brought against it by the attorney general's division of consumer advocacy.
- (b) Requires the attorney general to submit approved budget for consumer advocacy to PSC.

Section 4. Requires PSC to pay the cost of the attorney general's division of consumer advocacy. Specifies a budget between 1/2 and 1 mill of gross utility intrastate revenues.

Section 5. Provides for appointment of the director of the division of consumer advocacy by the attorney general with legislative confirmation.

#### Other States' Actions

About 40 states have instituted some form of consumer advocacy function, whether by statute or administrative decision. About half of these states place the consumer advocacy function within the office of the attorney general while the others have assigned the function to an existing executive agency, created a consumer advocate agency, or added the consumer advocate to the staff of the office of the governor. Only two states, Montana and Florida, have provided that consumer advocacy is a legislative function with accountability directly to the legislature.

#### Cost

The funding of the activities of the consumer advocate depend on a range of mill assessments (1/2 to 1 mill) provided for in section 4 of the initiative petition. The limits on the budget

would be between \$352,908 and \$705,817 for 1981-1982 and between \$405,844 and \$811,690 for 1982-1983, based on estimates of 1981-1982 and 1982-1983 gross intrastate revenues of regulated public utilities.

### Comments

Several provisions important to the implementation of consumer advocacy in Nevada may have been overlooked in the drafting of the initiative petition. These provisions are noted below.

### Section 1

Section 1 might be expanded to include a more specific description of the qualifications of the director of the division of consumer advocacy. Many states require the consumer advocate to be licensed to practice law in the state. In some of those that do not, the consumer advocate is an assistant attorney general who would be licensed anyway.

Section 1 might also expand on the types of personnel who would be desirable to have in the division of consumer advocacy.

Finally, neither "consuming public" nor "ratepaying public," both phases used in section 1, are defined. Model legislation based on a Pennsylvania statute provides the following definition:

"Consumer" means any person who makes a direct use or is the ultimate recipient of a product or a service supplied by any person or public utility subject to the authority of the commission or who may be a direct user or ultimate recipient of a product or service supplied by any person or public utility subject to the authority of the commission and may be affected in any way by any action within the authority of the commission. The term "consumer" includes any person, corporation, or municipal corporation as defined in [appropriate state statute].

### Section 3

Consideration should be given to deleting section 3 to be consistent with the proposed policy of eliminating possible conflict within the attorney general's office of representing

the public service commission and appearing before the commission as a rate increase adversary. New language should be added to require the commission to acquire independent counsel.

#### Section 4

The funding for the division of consumer advocacy might be more appropriately limited by an upper limit on mill assessment rather than a range, which also specifies a minimum budget no matter how large utility revenues are.

#### Section 5

Section 5 could be incorporated into that part of section 1 which describes the director of the division of consumer advocacy.

Research Division  
SFH/jld: 3/2/81

STATE OF NEVADA  
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March 2, 1981

M E M O R A N D U M

TO: Chairman and Members of Assembly Government  
Affairs Subcommittee on Consumer Advocacy

FROM: Samuel F. Hohmann, Senior Research Analyst

SUBJECT: Frequency of Utility Rate Increase Requests

This memorandum is in response to your request for information regarding the frequency with which public utilities may file for rate increases.

Nevada Law

As provided in Nevada Revised Statutes 704.110 (6), a public utility cannot file another application until all pending applications have been decided. The commission may make exceptions for extraordinary circumstances. In the case of filings to recover the increased cost of energy, a public utility cannot file an application more often than once every 30 days (NRS 704.110(7)).

Other States

Statutory provisions similar to Nevada's limiting the frequency of rate requests do not appear to be common among other states. According to utility regulatory personnel in Michigan, such limits may be established by commission order, and there is precedent for this action in Michigan. However, statutory provisions in other states have not been identified.

SFH:jlc

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

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February 27, 1981

MEMORANDUM

TO: Chairman and Members, Assembly Government Affairs  
Subcommittee on Consumer Advocate

FROM: Samuel F. Hohmann, *Senior Research Analyst*

SUBJECT: Appointment of Consumer Advocate

This memorandum is in response to your request for information regarding the appointment of the consumer advocate in other states. Although the most frequent statutory provision is for appointment solely by the attorney general or the governor, several states require legislative consent, and at least two provide for direct legislative appointment. The variations in the appointment procedure are noted below.

Legislative Consent

Several states' statutes provide for a governor's appointment with consent by the legislature. Senate consent is required in New Jersey, New York, and Pennsylvania. In Connecticut, consent of either house of the general assembly is required, while in North Carolina the governor's appointment must be confirmed by the general assembly in joint session.

Ohio's consumers' counsel is appointed by a governing board. This board in turn is appointed by the attorney general with the advice and consent of the state senate.

Legislative Appointment

Florida and Montana have direct legislative oversight of their respective consumer counsels. In Montana, the legislative consumer committee is responsible for appointment of the consumer counsel. Similarly, the Florida public counsel is appointed by a majority vote of the members of the Joint Legislative Auditing Committee. Florida statute also requires annual reconfirmation of the appointment by the joint committee.



### Term of Appointment

Consumer advocates in most states serve at the pleasure of the appointing officer. In such cases the length of appointment would generally be defined by the attorney general's term of office or the governor's term of office. Connecticut and Indiana appear to be the only states in which a fixed term is specified. Connecticut's consumer counsel is appointed for a term of five years and in Indiana the public counselor's term is four years. As noted above, Florida's public counsel must be reconfirmed annually, and this requirement might loosely be construed as a one year term.

I hope this information is helpful. If you have any questions or would like additional information, please do not hesitate to contact me.

SFH:jlc



State of Missouri

Joseph P. Teasdale, Governor

Office of the Public Counsel  
P. O. Box 1216  
Jefferson City, Missouri 65102  
Telephone 314/751-4857

William M. Barvick, Public Counsel

July 24, 1980

Mr. William A. Spratley  
Consumers' Counsel of Ohio  
137 East State Street  
Columbus, Ohio 43215

Re: State Utilities Advocate Report

Dear Mr. Spratley:

Enclosed is a copy of our survey of the resources of state utility consumer advocates around the country. The information is current as of July 15, 1980. We appreciate your assistance in supplying the information about your office.

Very truly yours,

*Bill*

William M. Barvick  
Public Counsel

WMB:kl  
Enclosure

PUBLIC COUNSELS - RESOURCES, STAFF AND BUDGET

July 1980

State	Public Counsel		Personnel			Other	Experts	Budget	
	Full Time	Salary	Staff Attorneys	Clerical					Total
Arkansas	Yes	\$ 25,500	1	1	1 economist 1 research ass't.	\$ 65,816	\$ 227,809		
Connecticut	Yes	\$ 36,000	1	2	1 financial and management analyst	\$ 75,000	\$ 196,500		
Delaware	Yes	\$ 36,900		2	2 technical analyst 1 economist 1 research ass't.		\$ 103,000 (state) 208,000 (federal)		
District of Columbia	Yes	\$ 50,112	1	2	1 administrative ass't.	assessment power	\$ 161,000		
Florida	Yes	\$ 43,000	6	5	6 positions: analyst accountant economist	\$ 75,000	\$ 609,000		
Georgia	Yes	\$ 33,424	4	2	1 financial analyst (attorney) 1 consumer relations director (attorney) 1 research ass't. 1 executive ass't.	\$ 22,574	\$ 120,021 229,210 (DOE)		
Hawaii	Yes	\$ 42,500	2 (AG's office)	6	29 positions: economists, engineers, financial analysts, rate analysts, auditors, statisticians	\$ 120,000 - 160,000	\$ 800,000		
Illinois (electric only)	Yes (economist)	\$ 30,720	3	2	1 economist 1 engineer	\$ 50,000	\$ 244,000		
Indiana	Yes		4	3	1 accountant	\$ 625,000	\$ 900,693		

<u>State</u>	<u>Public Counsel</u>		<u>Personnel</u>		<u>Clerical</u>	<u>Other</u>	<u>Experts</u>	<u>Budget</u>	
	<u>Full Time</u>	<u>Salary</u>	<u>Staff Attorneys</u>					<u>Total</u>	
Maryland	Yes	\$ 43,200	4		3	3-4 law clerks	\$ 921,950	\$ 1,184,583	
Massachusetts	Yes	\$ 25,000	7		3	2 rate analysts	\$ 10,000 or less	\$ 250,000	
Michigan	Yes	\$ 60,000	3		2	2 technical analysts	\$ 100,000 - 125,000	\$ 200,000 (state) 300,000 (federal)	
Minnesota	Yes	\$ 24,500	2		2	1 rate analyst 1 statistician 1 research analyst	\$ 111,500	\$ 279,900	
Missouri	Yes	\$ 34,000	4		3	2 economists 4 accountants 1 engineer	\$ 45,000	\$ 441,028	
Montana	Yes	\$ 28,300	1		1	1 analyst	\$ 321,013	\$ 460,361	
New Hampshire	Yes	\$ 27,000	1		1	1 accountant (federally funded) 1 administrative ass't.	\$ 10,000 40,000 (fed.)	\$ 65,000	
New Jersey	Yes	\$ 48,000	23 3 PT law clerks		11	1 calendar clerk 1 accountant	\$ 800,000	\$ 2,000,000 (funds assessed from utilities)	
New York	Yes	\$ 38,623	5		4	1 chief systems analyst 1 chief rates analyst 1 chief engineer 1 senior economist 1 accountant 1 econometrician 1 computer programmer 1 ass't. to the director	\$ 70,000 24,000 (DOE)	\$ 489,200 187,000 (DOE)	

State	Public Counsel		Personnel Staff Attorneys	Clerical	Other	Experts	Budget	Total
	Full Time	Salary						
North Carolina	Yes	\$ 45,100	7	17	22 engineers 21 accountants 7 transportation rate specialists 5 economists 3 complaint analysts 1 telephone technician 1 project coordinator	Emergency		not available at this time
Ohio	Yes	\$ 39,000	16 attorneys 2 legal interns 1 legal aide	20	10 administrative personnel 12 technical personnel 8 consumer services personnel	\$ 1,000,000		\$ 3,154,721
Oklahoma	No		2 FT	1 FT Equiv.				withheld on request
Pennsylvania	Yes	\$ 41,232	10	6	2 admin. personnel 3 admin. officers	\$ 689,548		\$ 1,524,000
South Carolina	Yes	\$ 41,000	5	3	1 law clerk 2 complaint investigators	\$ 170,000		\$ 381,000
Utah	Yes (He is not an atty., but admin. sec'y.)		1 from AG's ofc.					\$ 94,900 189,000 (DOE)

The Consumer Advocate of South Carolina is not involved in utility cases alone. The office also participates in matters before the Insurance and Dairy Commissions.

Utah has a Committee of Consumer Service which meets once a month that is composed of five members that are appointed by the governor to serve five-year terms. These five persons are appointed so that one represents small business, one represents low-income persons, one represents retired people, one represents incorporated communities, and one represents unincorporated communities. This committee is designed to represent residential and small commercial users of gas, electric and telephone utilities.

As of February 1, 1981, the Vermont Public Service Board will be reorganized into a department and board. The planning function of the present PSB will be judicial only. Representation of the public will be fulfilled by the department. No appropriation figures are available at this time.

West Virginia legislature has approved a consumer counsel to be formed in the coming months.

UNIVERSITY OF WISCONSIN-MADISON

DEPARTMENT OF POLITICAL SCIENCE

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1050 Bascom Mall  
Madison, Wisconsin 53706  
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November 1, 1980

William Spratley  
Consumers' Counsel of Ohio  
137 East State Street  
Columbus, Ohio 43215

Dear Bill:

I'm enclosing a copy of the paper that will serve as the basis for my oral remarks in Williamsburg December 2 at the annual conference of the Institute for Public Utilities. The paper is entitled "Impacts of Public Advocates on Public Utility Regulatory Policy." Given the nature of the conference, my oral remarks will stress findings, as opposed to methods. In short, I have no intention of dwelling on the statistical procedures I employ, unless, of course, questions are raised about them.

I suspect that I will comment briefly on the overall efficacy of "grassroots advocates" (citizens' groups) and "proxy advocates" (public officials who serve as consumer advocates), but I am much more interested in specifying how the effectiveness of these different types of public advocates varies from issue area to issue area.

In particular, I will seek to advance the following four principles, based on the extent to which an issue is complex (from the vantage point of consumers) and conflictual (with respect to consumers as a class):

- 1) Grassroots advocates are effective in issue areas high in conflict, low in complexity;
- 2) Proxy advocates are effective in issue areas high in complexity, low in conflict;
- 3) Grassroots advocates and proxy advocates are both effective in issue areas low in conflict, low in complexity; and
- 4) Neither grassroots advocates nor proxy advocates are effective in issue areas high in conflict, high in complexity.

I look forward to seeing you again at what promises to be a very interesting conference.

Sincerely,



William T. Gormley Jr.  
Assistant Professor

Enclosure

IMPACTS OF PUBLIC ADVOCATES ON  
PUBLIC UTILITY REGULATORY POLICY

William T. Gormley Jr.

Department of Political Science  
The University of Wisconsin  
Madison, Wisc. 53706

This research was made possible by a grant from the National Science Foundation (DAR - 7812721). The views expressed in this article, however, are strictly those of the author.



## ABSTRACT

Public advocates, including grassroots advocates (citizens' groups) and proxy advocates (state officials) are increasingly active participants in the public utility regulatory process. Interviews with 118 public advocates in 12 states reveal that proxy advocates have superior financial resources and technical expertise, which should render them more effective than grassroots advocates. An analysis of aggregate data from 51 public utility commissions confirms this expectation, through the use of multiple regression analysis and probit analysis in five policy domains. However, grassroots advocates and proxy advocates play complementary roles. While grassroots advocates contribute to the adoption of redistributive and protective policies, proxy advocates contribute to the adoption of consensual and protective policies. Neither contributes much to the adoption of futuristic or majoritarian policies. Though effective in different ways, grassroots advocacy and proxy advocacy are not interchangeable solutions to the problem of public underrepresentation in regulatory agency proceedings.

IMPACTS OF PUBLIC ADVOCATES ON  
PUBLIC UTILITY REGULATORY POLICY

With some recent exceptions,<sup>1</sup> regulatory agencies have tended to adopt policies favorable to regulated industries and unfavorable to underrepresented interests, such as consumers and the poor (Bernstein, 1955; McConnell, 1966; Edelman, 1967; Lowi, 1969; Kohlmeier, 1969; Noll, 1971). This has led critics to recommend new institutional arrangements so that regulatory agencies will do a better job of representing interests other than those of the private sector (Nadel, 1976, pp. 253-254; Leflar and Rogol, 1976; Aron, 1979). As Kaufman notes, we have been enthusiastic about representativeness before, only to become more enthusiastic about such values as executive leadership and neutral competence (1956). Thus, support for more representativeness in public administration is not new. Three elements of the current political environment are new, however: first, the existence of numerous organizations within government whose purpose is to represent consumers before their own agency or other agencies (Note, 1976; U.S. Senate, 1977); second, growing activity by non-governmental citizens' groups on behalf of various underrepresented interests (McFarland, 1976; Jeffrey Berry, 1977); and third, the judiciary's insistence that the public is entitled to representation in the administrative process, even in the absence of economic injury (Stewart, 1975). If citizens are not adequately represented in administrative proceedings, they can now demand such representation in the courts.<sup>2</sup>

Despite the growth of public representation in regulatory agency proceedings, little is known about the policy consequences of such activity. Although a number of useful studies have been conducted (Boasberg et al., 1975; Grundfest, 1976; Energy Policy Task Force, 1978; Boyer, 1979), most

have focused on only one agency. Unfortunately, single-agency studies, no matter how well-executed, are likely to involve threats to both internal and external validity (Campbell and Stanley, 1963, pp. 1-12). In contrast, a multi-agency study of regulatory bodies with similar jurisdictions but different public inputs offers a much better opportunity to assess the policy impacts of public representation in its various forms. State public utility commissions, which confront very similar policy problems under very dissimilar political conditions, are especially appropriate for analysis.

Historically, utility companies have dominated the public utility regulatory process. Indeed, it appears that utility companies were largely responsible for the creation of public utility commissions in the first place (Jarrell, 1978). Even where utility companies initially opposed the establishment of a state utility commission, as in Texas, they eventually came to prefer state regulation to local regulation (Anderson, 1980). In recent years, however, the dominant position of utility companies has been challenged by public advocates. Such challenges, though not universal, are widespread. As a result, patterns of public advocacy now vary dramatically from state to state, which makes the public utility regulatory process exceptionally suitable for research.

In many states, public advocates intervene in public utility commission proceedings. These public advocates are citizens' groups in some instances, government officials in others. The citizens' groups range from national organizations, such as the Environmental Defense Fund (EDF), to local affiliates of national organizations, such as the Public Interest Research Groups (PIRGs), to local organizations, such as Toward Utility Rate Normalization (TURN), a San Francisco-based consumer group. The citizens' groups may be referred to as "grassroots advocacy" groups because they have members, volunteers, or clients

the grassroots level. The government officials range from a specially created office of public counsel or consumer protection board to the state attorney general, who represents utility consumers in some states. The government officials may be referred to as "proxy advocates" because they are paid to serve as proxies for consumers, who often lack sufficient incentives to organize on their own behalf (Olson, 1971).

What are the organizational strengths and weaknesses of different public advocacy groups? Are grassroots advocates and proxy advocates equally effective participants in the public utility regulatory process? Do grassroots advocates and proxy advocates have policy impacts in the same or different issue areas? Is either grassroots advocacy or proxy advocacy an adequate solution to the problem of public underrepresentation in public utility commission proceedings? To confront these questions is to address a broader question of democratic governance -- namely, what contribution can public advocates make to the goal of representative government? Pitkin (1972, p. 209) defines representation as "acting in the interest of the represented, in a manner responsive to them." And yet, responsiveness can be operationalized in different ways. Eulau and Karps (1977), for instance, suggest that there are four types of responsiveness: policy responsiveness, service responsiveness, allocation responsiveness, and symbolic responsiveness.

This paper examines policy responsiveness. Service responsiveness and allocation responsiveness are more relevant to the legislative branch and to service agencies than to regulatory agencies, where benefits and deprivations are more difficult to disaggregate. Symbolic responsiveness is relevant to regulatory agencies (Edelman, 1967) but more so to those who wish to explain how agencies retain legitimacy through manipulation of public opinion than to those who wish to explore how agencies can be induced to adopt policies congruent

with public preferences. A number of scholars have operationalized policy responsiveness by measuring congruence between public opinion and decision-makers' preferences or policies (Miller and Stokes, 1963; Shaffer and Weber, 1974; Kuklinski, 1977). The approach taken here, in contrast, utilizes public advocates' conceptions of the public interest and compares the level of public advocacy activity with the adoption of public policies that public advocates support. This approach, with its emphasis on the role of intermediaries between the public and decision-makers, has been employed by students of both legislative and administrative behavior (Schumaker, 1975; Ingram, 1979; Rycroft, 1979). It is especially appropriate in an area as complex as that of public utility regulation, where public understanding of the issues involved is apt to be weak.

#### Patterns of Public Advocacy

How actively have public advocates participated in the public utility commission proceedings of different states? To answer that question, I conducted a questionnaire survey of all 188 state public utility commissioners during January and February of 1979. The commissioners were asked to furnish estimates (on a scale of 1 to 10) of the level of activity of different types of intervenors (including citizens' groups and state officials) in their state's electric, natural gas, and telephone cases during the 1974-1978 period. A one was defined as extremely low activity; a ten was defined as extremely high activity. Responses were obtained from 83.5% of the commissioners after one letter and a reminder letter three weeks later. At least one response was obtained from all 50 states and the District of Columbia. Within each state, commissioners' estimates were averaged to create a single estimate. An estimate greater than the midpoint of the scale (5.5) was defined as high activity; an estimate low

than the midpoint was defined as low activity.

As Table 1 indicates, public representation patterns during the 1974-1978 period were strikingly diverse. In approximately 30 percent of the states, grassroots advocates and proxy advocates were both very active. In approxi-

(Insert Table 1 Here)

mately 20 percent of the states, proxy advocates were very active but grassroots advocates were not. In approximately 20 percent of the states, grassroots advocates were very active but proxy advocates were not. In approximately 30 percent of the states, neither grassroots advocates nor proxy advocates were very active.

How valid are commissioners' estimates of intervenor activity levels? To answer that question, public utility commission documents were gathered and interviews were conducted in a stratified sample of 12 states, including three in each of the four quadrants. The states were chosen by merging nominations from a panel of five experts with estimates from commissioners in all 50 states and the District of Columbia. Each panelist recommended three states thought to fit each of the four quadrants. The three states mentioned most frequently by the panel for each of the four categories were tentatively selected for inclusion in the sample. The panel's classification of states was then compared with the commissioners'. Where discrepancies existed, states upon which the panel and the commission agreed were substituted for the panel's top choices. This process yielded a sample of 12 states: three in which both grassroots advocates and proxy advocates were thought to be active (Massachusetts, Michigan, New York); three in which grassroots advocates were thought to be active but proxy advocates were not (California, Illinois, Wisconsin); three in which proxy advocates were thought to be active but grassroots advocates were not (Florida, Georgia, New Jersey); and three in which neither were thought to be active (Mississippi, North Dakota, Wyoming).

TABLE 1

ACTIVITY LEVELS OF INTERVENORS  
BEFORE PUBLIC UTILITY COMMISSIONS

PROXY ADVOCATES

Low

High

High

---

Ariz.	Me.	Ark.	Mo.
Calif.	S.C.	Conn.	N.M.
Colo.	Tex.	D.C.	N.Y.
Del.	W. Va.	Haw.	N.C.
Ida.	Wisc.	Md.	R.I.
Ill.		Mass.	Vt.
		Mich.	Va.
		Minn.	

GRASSROOTS

ADVOCATES

Low

---

Alaska	N.D.	Alabama	N.H.
Iowa	Okla.	Fla.	N.J.
Kans.	Ore.	Ga.	Ohio
La.	S.D.	Ind.	Pa.
Miss.	Tenn.	Ky.	Wash.
Neb.	Utah	Mont.	
Nev.	Wyo.		

---

In each state, opinions and orders for major electric, natural gas, and telephone rate cases occurring during the 1974-1978 period were obtained. A major rate case was defined as one involving a utility company which served more than five percent of the state's residential customers.<sup>3</sup> For each state, I calculated the percentage of major rate cases in which the different types of public advocates participated. Comparisons of actual and estimated activity levels confirmed the validity of the estimates: The Pearson's correlation coefficient between estimated and actual activity levels was .878 for grassroots advocates, .964 for proxy advocates.

Unlike activity levels, organizational characteristics and policy perspectives cannot be discerned from official documents alone. To obtain information on these variables, interviews were conducted with grassroots advocates and proxy advocates in all 12 states.<sup>4</sup> Interviews were also conducted with public utility commissioners, key public utility commission staff members, and utility company executives. In all, 81 grassroots advocates and 38 proxy advocates were interviewed. The interviews, which were tape-recorded, transcribed and coded, lasted approximately one hour a piece. They provided empirical evidence on the resources, backgrounds, incentives, and tactics of public advocates. They also provided data on public advocates' value priorities and policy preferences.

#### Organizational Characteristics

Much has been written about the organizational characteristics (McFarland, 1976; Jeffrey Berry, 1977), values (Verba and Nie, 1972; Hansen, 1975), and policy impacts (Cole, 1974; Mazmanian and Nienaber, 1979) of grassroots advocates. Much less has been written about proxy advocates, largely because they are relatively new participants in the policy-making process. Most state-



wide offices of consumer counsel, for example, were created in the mid-1970s (Note, 1976). What characteristics of grassroots advocates and proxy advocates might determine the extent of their policy impacts? Three such characteristics are resources, expertise, and tactics.

1) RESOURCES - As students of administrative law have argued, many citizens' groups lack the financial resources to participate effectively in administrative proceedings (Note, 1975). In Gellhorn's (1972, p. 389) words, "Frequently the cost of participation in an administrative proceeding mounts into tens of thousands of dollars, and prolonged, multiple party proceedings cost even more. Public interest groups are often financially unable to participate." Cranton (1972, p. 538) agrees: "For public interest groups cost is a considerable obstacle to effective participation in formal agency proceedings." Lacking financial resources, some citizens' groups rely heavily on unpaid volunteers. For example, Jeffrey Berry (1977, p. 65) found that nearly two-thirds of national public interest groups use volunteer labor in some capacity. Nevertheless, financial problems remain acute. As the U.S. Senate Committee on Governmental Affairs (1977, p. vii) concluded, "the single greatest obstacle to active public participation in regulatory proceedings is the lack of financial resources by potential participants to meet the great costs of formal participation."

Because public advocacy organizations vary substantially in the percentage of their total budgets allocated to utilities, a comparison of raw budget figures for grassroots advocacy and proxy advocacy organizations would be misleading. Grassroots advocacy groups, which tend to be multipurpose organizations, are especially likely to allocate only a very small percentage of their total resources to utilities issues. To correct for this, all raw budget scores have been adjusted to reflect the percentage of the budget which advocates estimate they allocate to electric, natural gas, and telephone issues combined.

As Table 2 indicates, proxy advocates are much better funded than grassroots advocates. Among grassroots advocacy organizations, 45 of 70 or 64.3 percent spend less than \$25,000 a year on utilities issues, while only 2 of 70 or 2.9 percent spend more than \$250,000 a year. Of 6 proxy advocacy organizations, all 6 spend more than \$250,000 a year on utilities issues. Clearly, the finan-

(Insert Table 2 Here)

cial resources of proxy advocates are far superior to those of grassroots advocates.

2) EXPERTISE - In regulatory policy-making, where issues are often posed in technical terms, expertise is extremely important. Unless a citizens' group provides technical information and sound arguments, Sabatier argues (1975), the regulated industry is likely to triumph. Nelkin (1979, p. 62) puts it this way: "Expertise is a crucial political resource, and if parties in conflict are to have any sense of political efficacy, they must have access to technical advice." In a study of bureaucratic attitudes toward citizen involvement, Aberbach and Rockman (1978, p. 510) found that a major criticism of citizens' groups is their lack of expertise. In a study of scientific, industrial, and consumer inputs into the FDA's decision-making process, Friedman (1978) found that scientists and industrial officials were effective because they were well-trained and well-informed. In contrast, consumers were handicapped by their weak technical knowledge. As Friedman concluded (p. 213), "Absence of scientific expertise diminishes... legitimacy."

A number of organizations provide special training programs in the utilities area. These organizations include the National Association of Regulatory Utility Commissioners, the National Regulatory Research Institute, the National Consumer Law Center, the National Association of State Utility Consumer Advocates, and a variety of universities, bar associations, and government agencies. As a measure

TABLE 2

FINANCIAL RESOURCES OF PUBLIC ADVOCATES

Resources Devoted To Utilities Issues	Grassroots Advocacy Organizations (N = 70)	Proxy Advocacy Organizations (N = 6)
\$ 0 - \$ 9,999	41.4% (29)	0.0% (0)
\$ 10,000 - \$ 24,999	22.9% (16)	0.0% (0)
\$ 25,000 - \$ 99,999	25.7% (18)	0.0% (0)
\$100,000 - \$249,999	7.1% (5)	0.0% (0)
\$250,000 +	2.9% (2)	100.0% (6)

of expertise, public advocates were asked if they have had special training in the utilities area. Of 35 proxy advocates, 30 or 85.7 percent had special training. In contrast, of 75 grassroots advocates, only 33 or 44.0 percent had special training (see Table 3). Clearly, the expertise of proxy advocates exceeds that of grassroots advocates.

(Insert Table 3 Here)

3) TACTICS - Political Scientists have reached generally negative conclusions about the efficacy of protest as a political tactic. As Lipsky (1968, p. 1157) has noted, "Relatively powerless groups cannot use protest with a high probability of success ... When public officials recognize the legitimacy of protest activity, they may not direct public policy toward protest groups at all." Thus, at best, protest groups may be able to achieve symbolic or temporary victories, such as when a target agency dispenses symbolic satisfactions or agrees to postpone action. Alternatively, target agencies may respond to protest by attempting to discredit protest leaders and organizations. Indeed, they may find it easy to exploit popular aversion to protest. As Eisinger (1974, p. 593) has noted, "most surveys which have sought to tap attitudes toward protest have revealed predominantly hostile sentiments." The danger that protest may backfire is apparently quite real. In a study of 93 protest incidents, Schumaker (1975) found negative relationships between unconventional protest activities (such as rallies and demonstrations) and policy responsiveness.

As a measure of the extent to which public advocates engage in protest activities, public advocates were asked whether their organization has ever participated in or supported a rally or demonstration against the public utility commission or its policies. Table 4 reveals sharp differences between the two types

(Insert Table 4 Here)

of public advocates. Of 72 grassroots advocacy organizations, 31 or 43.1 percent

TABLE 3

EXPERTISE OF PUBLIC ADVOCATES

Expertise in Utilities Area	Grassroots Advocates (N = 75)	Proxy Advocates (N = 35)
Special Training	44.0% (33)	85.7% (30)
No Special Training	56.0% (42)	14.3% (5)

TABLE 4

TACTICS OF PUBLIC ADVOCATES

Protest Activity	Grassroots Advocates (N = 72)	Proxy Advocates Organizations (N = 6)
Participated in/ Supported Rally or Demonstration	43.1% (31)	0.0% (0)
Did Not Participate in/Support Rally or Demonstration	56.9% (41)	100.0% (6)

have engaged in protest as a political activity. The percentage would be even higher if legal aid societies were excluded from the grassroots advocacy category.<sup>5</sup> Although legal aid societies never participate in protest activities, for fear of losing financial support from the national Legal Services Corporation, many of their clients do. In contrast, none of the proxy advocacy organizations has engaged in protest as a political activity. Clearly, grassroots advocates rely more on unconventional tactics than proxy advocates do.

What are we to conclude from all this? A review of the literature suggests that money and expertise are crucial political resources for participants in the policy-making process but that protest is not. Proxy advocates clearly have financial resources in the utilities area superior to those of grassroots advocates. Proxy advocates also have greater expertise than grassroots advocates. Grassroots advocates rely more on unconventional political tactics than proxy advocates do, but this does not appear to be a source of strength. While protest may be a useful tactic under some circumstances (Lip-sky, 1968; Etzioni, 1968; Schumaker, 1975), it is likely to provide less leverage over independent regulatory agencies than over other institutions. In contrast to legislative bodies, administrative agencies must make many decisions based exclusively on evidence in the record or face reversal in court (Schwartz, 1976, pp. 357-360). Thus, protest without evidence may change an agency's willingness but not its ability to respond. To sum up, protest groups appear to be in a particularly hapless position with respect to regulatory agencies, such as public utility commissions. By virtue of their superior resources and expertise, proxy advocates ought to be more effective than grassroots advocates. The fact that grassroots advocates occasionally utilize unconventional tactics is not expected to make them any more effective.

### Alternative Lines of Cleavage

The outcome of a political dispute depends on who is opposing whom, on where the lines of cleavage are drawn. In Schattschneider's words (1960, p. 63), "Every shift of the line of cleavage affects the nature of the conflict, produces a new set of winners and losers and a new kind of result. Thus a change in the direction and location of the line of cleavage will determine the place of each individual in the political system, what side he is on, who else is on his side, who is opposed to him, how large the opposing sides are, what the conflict is about and who wins." For these reasons, it is important to assess policy impacts under conditions involving different lines of cleavage. In this paper, I will focus on five issue areas which vary in the extent to which they fragment the consumer class. They concern policies which I shall describe as redistributive, protective, futuristic, majoritarian, and consensual.

1) REDISTRIBUTIVE POLICIES - The first issue area pits the rich against the poor. It is explicitly redistributive in nature and is the most divisive of the five. Examples include special subsidies to the poor and rate designs which make small amounts of energy available at relatively low prices to help the poor meet essential energy needs. These controversies approximate a zero-sum game situation because there are clear winners and losers.

2) PROTECTIVE POLICIES - The second issue area pits tardy ratepayers against prompt ratepayers. It is implicitly redistributive in nature because the poor and the lower middle class are least able to pay their bills on time. Examples include decisions concerning late payment penalties and disconnection procedures that enable consumers to maintain utility service despite temporary or permanent financial difficulties. These issues are often discussed in "due process" terms as part of a "bill of rights" that offers protection to all consumers.



3) FUTURISTIC POLICIES - The third issue area pits "peak" users of utility services against "off-peak" users. Examples include rate designs which provide incentives to consumers to reduce their consumption during periods of peak demand. In the long run, such rate designs benefit all consumers by reducing the need for expensive new power plants. In the short run, however, such rate designs harm those who are less flexible in their energy consumption patterns.

4) MAJORITARIAN POLICIES - The fourth issue area pits residential consumers against business consumers. Examples include decisions allocating the costs of service among the residential, industrial, and commercial classes, on the basis of average historical costs, marginal costs, or some variation on these themes. In contrast to the previous categories, this issue area does not divide the residential consumer class into warring factions. All residential consumers are united in their desire to decrease the residential share of the total rate burden.

5) CONSENSUAL POLICIES - The fifth and final issue area pits all consumers, both residential and business, against utility companies. Examples include decisions concerning the rate of return on equity allowed to utility companies, the recovery of fuel costs through automatic pass-through clauses, and the treatment of construction work in progress. More broadly, this issue area involves the total revenue requirements of the utility company, as determined by the public utility commission. With respect to consumers, this is the least divisive issue area, because it involves a positive-sum game situation from the consumer's point of view.

#### Value Priorities

To assess the impact of public advocates in these five issue areas, it is first necessary to determine their views on the choices that these controversies present. If there is no connection between public advocacy activity and the

adoption of a particular policy, that could mean either that public advocacy has been ineffective or that public advocates do not favor the policy in question. Even where public advocates favor a particular policy, they may favor other policies more. Thus, it is important to understand how public advocates define the public interest, especially since public advocates often disagree on the relative importance of certain goals (McFarland, 1976).

One way to ascertain the views of public advocates is to ask them about specific policy proposals. However, this approach requires the interviewer to anticipate well in advance what data on policy outputs will subsequently be published in a wide variety of sources. Furthermore, it tells us nothing about how public advocates would resolve dilemmas which require trade-offs among competing values, all of which they support. A better approach is to ask public advocates about their value priorities. This establishes a value hierarchy adaptable to a wide variety of specific policy proposals. It also provides the equivalent of an agenda for action.

As a measure of value priorities, grassroots advocates and proxy advocates were asked to rank-order eight values widely regarded as desirable elements of a public utility commission decision. The most desirable value was to be ranked first; the least desirable value, though not necessarily undesirable, was to be ranked eighth. The eight values were: Clean Air, Economic Development, Energy Conservation, Energy Supply Sufficient for Demand, Fair Return for Utility Company Investors, Low Rates for Business Groups, Low Rates for Residential Consumers, and Special Protection for the Very Poor.

As Table 5 indicates, grassroots advocates identify as their top three values Energy Conservation, Special Protection for the Very Poor, and Low Rates for Residential Consumers, in that order. Proxy advocates cite as their top three values

(Insert Table 5 Here)

Energy Conservation, Special Protection for the Very Poor, and Low Rates for Residential Consumers, in that order. Proxy advocates cite as their top three values

TABLE 5

VALUE PRIORITIES OF PUBLIC ADVOCATES

	Grassroots Advocates (N = 70)	Proxy Advocates (N = 35)
Energy Conservation	1 (2.31)	1 (2.34)
Special Protection for the Very Poor	2 (2.79)	4 (4.61)
Low Rates for Residential Consumers	3 (3.71)	3 (4.10)
Clean Air	4 (3.81)	6 (5.06)
Energy Supply Sufficient for Demand	5 (4.34)	2 (3.31)
Economic Development	6 (5.33)	5 (4.84)
Low Rates for Business Consumers	7 (6.77)	8 (6.21)
Fair Return for Utility Company Investors	8 (6.93)	7 (5.64)

Energy Conservation, Energy Supply Sufficient for Demand, and Low Rates for Residential Consumers, in that order. Both grassroots advocates and proxy advocates rank Fair Return for Utility Company Investors and Low Rates for Business Consumers very low. Other values fall in between.

What do these value priorities reveal about the policy preferences of public advocates? Both grassroots advocates and proxy advocates express support for energy conservation, attainable through futuristic policies. Both also express support for low rates for residential consumers, whether at the expense of utility company investors (consensual policies) or business consumers (majoritarian policies). Grassroots advocates express support for special protection for the very poor - - a value promoted by both redistributive and protective policies. Proxy advocates, in contrast, are more equivocal about special protection for the very poor. Their ambivalence suggests support for implicitly redistribute (protective) policies but not explicitly redistributive policies.

#### Methods

To examine the policy impacts of grassroots advocates and proxy advocates, I have focused on decisions made within the context of electric cases, where the greatest amount of public advocacy has occurred. As data gathered from 12 states indicate, both types of public advocates have been more active in electric cases than in either natural gas or telephone cases.<sup>6</sup> To capture possible variations across issue areas, I have analyzed illustrative decisions within each of the five issue areas for which good data from all or nearly all of the 50 states were available. The data on decisions were obtained from several sources, including the Electric Power Research Institute, the National Association of Regulatory Utility Commissioners, and the Department of Energy.

The two independent variables of central interest are grassroots advocacy

and proxy advocacy. Grassroots advocacy, an interval-level variable, measures the amount of intervention by citizens' groups in public utility commission proceedings during the 1974-1978 period. Proxy advocacy, also an interval-level variable, measures the amount of intervention by state officials, such as the attorney general or a people's counsel, during the same period. To guard against potentially spurious relationships between public advocacy and public utility regulatory policy outputs, I have included as control variables political culture, the method of selecting public utility commissioners, and public utility commission professionalism.

Political Culture - - Elazar (1966) has classified states as traditionalistic, individualistic, and moralistic. The traditionalistic states, he argues, are both less innovative and less supportive of citizen participation. Sharkansky (1969), who developed a nine-point scale based on Elazar's three-fold distinction, found empirical support for Elazar's arguments. Shaffer and Weber (1974) also found statistically significant relationships between political culture and policy responsiveness at the state level. As recommended by Sharkansky, political culture has been operationalized as a nine-point scale, with one representing an extremely moralistic state and nine representing an extremely traditionalistic state. It is expected that more traditionalistic states will be less responsive than other states.

Agency Professionalism - - A number of Political Scientists (Grumm, 1971; Fry and Winters, 1970; Shaffer and Weber, 1974) have discovered positive relationships between legislative professionalism and policy liberalism at the state level. Agency professionalism has received much less attention but William Berry (1979) did find that interaction between public salience and public utility commission professionalism leads to policies that benefit residential consumers. For purposes of analysis, I have developed a public utility commission professionalism

index that measures commission staff size, commission budget size, commissioners' salary levels, and the commission's data processing capacity. This is similar to Berry's "operating resources" measure of professionalism. It is expected that more professional public utility commissions will be more responsive than commissions in other states.

Method of Selection - - A number of scholars have shown that elected public utility commissions are not more likely than appointed commissions to approve lower rates or lower rates of return on equity. (Pelsoci, 1978; Hagerman and Ratchford, 1978). And yet, Lineberry and Fowler (1967) have demonstrated that elected local governments are more responsive to socio-economic cleavages than appointed local governments. Also, as I have argued (1980), there is less citizen participation in states with elected public utility commissioners, apparently because citizens' groups assume that elected commissioners will be more responsive to their interests. Given the relationship between method of selection and the level of citizen participation, it is advisable to include method of selection as a control variable, even though its ultimate effect on policy outputs is disputed. Method of selection has been operationalized as a dichotomous variable, with zero representing an appointed commission and one representing an elected commission. Although scholars disagree on the consequences of method of selection, it is generally expected that elected commissions will be more responsive than appointed commissions.

Other control variables, such as interparty competition and region, were considered but rejected. Political Scientists have generally found weak or non-existent relationships between interparty competition and policy outputs at the state level, including welfare policies (Dawson and Robinson, 1963), innovative policies (Walker, 1969), redistributive policies (Fry and Winters, 1970), and other policies (Dye, 1966). Moreover, the inclusion of interparty competition

in the model could create a multicollinearity problem since interparty competition is intercorrelated with both political culture and method of selection. The inclusion of a region variable in the model would create a certain multicollinearity problem, since there is an extremely high correlation between region and political culture. As suggested by Tufte (1974, p. 162), region has been excluded from the model because it is intercorrelated with another variable of greater theoretical interest.

The basic model, then, consists of grassroots advocacy, proxy advocacy, political culture, P.U.C. professionalism, and method of selecting public utility commissioners. To assess the effects of these five variables on public utility regulatory policies, I have used estimating techniques that vary with the dependent variable under investigation. If the dependent variable is an interval-level variable, ordinary least squares multiple regression analysis is appropriate. Standardized b's or beta weights measure the strength of each relationship and p values, derived from F scores, indicate the level of statistical significance. If the dependent variable is dichotomous, however, ordinary least squares multiple regression analysis is inappropriate.<sup>8</sup> Probit analysis, on the other hand, yields consistent, efficient estimates of the effects of independent variables on a dichotomous dependent variable (Finney, 1952; Theil, 1971, pp. 628-636; McKelvey and Zavoina, 1975; Aldrich and Cnudde, 1975, pp. 579-585). Maximum likelihood coefficients provide estimates of population parameters and p values, derived from maximum likelihood coefficient/standard error ratios, provide indicators of statistical significance. The use of standardized maximum likelihood estimates facilitates comparisons of independent variables with different means and standard deviations. Because direction has been predicted for all five independent variables, a one-tailed statistical significance test is warranted.

## Findings

1) Redistributive Policies - To examine the effects of public advocacy on decisions that pit the rich against the poor, I have focused on lifeline rates, operationalized as a dichotomous variable (0 = No; 1 = Yes). Lifeline rates, which apply to residential consumers, are designed to help the poor meet minimal energy needs. They do so by charging less per kilowatt-hour for the consumption of small amounts of energy (e.g. 300 kilowatt-hours per month) or by providing poor people with a stipend that helps them pay their utility bills.

As Table 6 indicates, grassroots advocacy and political culture have discernible effects on lifeline rates. Public utility commissions are more likely

(Insert Table 6 Here)

to adopt lifeline rates when grassroots advocacy activity is high. Public utility commissions are less likely to adopt lifeline rates when the political culture is highly traditionalistic. Other relationships, though generally in the expected direction, are not statistically significant at either the .05 or the less demanding .10 level.

2) Protective Policies - To assess the effects of public advocacy on protective policies, I have focused on two policies that benefit all consumers in theory, the poor and the lower middle-class in practice. The first is a ban on late penalty payments for residential consumers who are tardy in paying their bills. The second is the requirement that a number of days elapse between notification of intent to disconnect service and disconnection. The first variable is dichotomous (0 = no ban; 1 = a ban). The second is an interval-level variable, ranging from 0 to 15 days.

As Table 7 indicates, there are clear relationships between several varia-

(Insert Table 7 Here)



TABLE 6

EFFECTS OF PUBLIC ADVOCACY ON REDISTRIBUTIVE POLICY

(N = 44)

Lifeline Rates		
Variable	MLE	P
Grassroots Advocacy	.543	.051
Proxy Advocacy	.485	.115
Political Culture	- .814	.029
P.U.C. Professionalism	.153	.283
Method of Selection	- 1.447	.460
Estimated R <sup>2</sup> = .836		- 2 X Log Likelihood Ratio = 13.36

Note: MLE = Maximum Likelihood Estimate (Standardized)

TABLE 7

EFFECTS OF PUBLIC ADVOCACY ON PROTECTIVE POLICIES

Variable	Late Payment Penalty Ban (N = 51)		Grace Period Before Disconnection (N = 47)	
	MLE	p	Standardized b	p
Grassroots Advocacy	1.071	.002	.088	.282
Proxy Advocacy	.510	.035	.424	.003
Political Culture	-.680	.007	-.285	.027
P.U.C. Professionalism	.324	.098	-.123	.191
Method of Selection	.500	.044	.031	.421
Estimated R <sup>2</sup> = .627		- 2 X Log Likelihood Ratio = 24.46	R <sup>2</sup> = .243	F = 2.64

bles and the imposition of a ban on late payment penalties for residential consumers. Such a ban is less common in traditionalistic states, more common in states with high grassroots advocacy activity, high proxy advocacy activity, and elected commissioners. States with high grassroots advocacy activity are especially likely to prohibit late payment penalties. There are also clear relationships between two variables and the number of days that must elapse before service is disconnected. Consumers have more time to avert termination of service in states with high proxy advocacy, less time in traditionalistic states. While other relationships are not statistically significant at the .05 level, more professional public utility commissions do tend to ban late payment penalties.

3) Futuristic Policies - To examine the effects of public advocacy on policies that promote energy conservation, I have focused on three rate structure reforms that pit "peak" users against "off-peak" users. Time-of-day rates, which usually apply to business customers, charge more per kilowatt-hour for consumption during "peak" hours when inefficient supplemental generating equipment must be used than during "off-peak" hours when electricity can be provided more efficiently. Seasonal rates, which may apply to either residential or business customers, charge more per kilowatt-hour for consumption during "peak" months when demand is greatest (usually summer months) than during "off-peak" months. Rates for interruptible service, which usually apply to business customers, charge less per kilowatt-hour to customers who allow their service to be shut off temporarily during emergencies or when aggregate demand for electricity exceeds certain levels. All three variables are dichotomous (0 = no; 1 = yes).

As Table 8 indicates, there are only two unequivocal relationships between

(Insert Table 8 Here)

variables in the model and the adoption of futuristic policies. States with high-

TABLE 8

EFFECTS OF PUBLIC ADVOCACY ON FUTURISTIC POLICIES

Time-of-Day Rates (N = 46)			Seasonal Rates (N = 44)		Rates for Interruptible Service (N = 46)	
Variable	MLE	p	MLE	p	MLE	p
Grassroots Advocacy	.061	.402	.040	.433	.113	.303
Proxy Advocacy	.323	.111	.117	.307	.325	.067
Political Culture	-.647	.011	-.312	.088	-.303	.080
P.U.C. Professionalism	.746	.010	.405	.066	.123	.276
Method of Selection	-.235	.232	-.234	.169	.188	.217
$\text{Estimated } R^2 = .581$ - 2 X Log Likelihood Ratio = 19.69			$\text{Estimated } R^2 = .306$ - 2 X Log Likelihood Ratio = 9.10		$\text{Estimated } R^2 = .145$ - 2 X Log Likelihood Ratio = 4.33	

ly professional public utility commissions are more likely to adopt time-of-day rates. Traditionalistic states are less likely to adopt time-of-day rates. Several other relationships are statistically significant at the .10 level. Seasonal rates tend to be rejected in traditionalistic states, adopted in states with high professional public utility commissions. Rates for interruptible service tend to be rejected in traditionalistic states, adopted in states with high proxy advocacy activity. However, there is no sustained relationship between public advocacy activity and the adoption of policies that promote energy conservation.

4) Majoritarian Policies - To examine the effects of public advocacy on decisions that benefit residential consumers at the expense of business consumers, I have focused on the disparity between residential prices and industrial prices, as measured by two ratios: 1) the price per kilowatt-hour for residential customers of 500 kilowatt-hours divided by the price per kilowatt-hour for industrial customers of 200,000 kilowatt-hours; and 2) the price per kilowatt-hour for residential customers of 250 kilowatt-hours divided by the price per kilowatt-hour for industrial customers of 200,000 kilowatt-hours. These ratios vary from state to state because public utility commissions use widely different methodologies for allocating costs among classes of customers.

As Table 9 indicates, there are noteworthy relationships between public utility commission professionalism and both ratios. The more professional pub-

(Insert Table 9 Here)

lic utility commissions allocate costs in ways that benefit residential consumers, as opposed to industrial consumers (lower ratios are more favorable to residential consumers). In contrast, none of the other relationships is statistically significant at an acceptable level. Thus, it cannot be said that the allocation of costs among different classes of customers is more favorable to residential

TABLE 9

EFFECTS OF PUBLIC ADVOCACY ON MAJORITARIAN POLICIES

(N = 51)

Residential Price: 500 KWH/ Industrial Price: 200,000 KWH			Residential Price: 250 KWH/ Industrial Price: 200,000 KWH		
Variable	Standardized b	p	Standardized b	p	
Grassroots Advocacy	- .173	.138	- .174	.133	
Proxy Advocacy	.019	.444	.009	.500	
Political Culture	- .133	.190	- .092	.268	
P.U.C. Professionalism	- .249	.047	- .309	.019	
Method of Selection	- .090	.300	- .098	.279	
		$R^2 = .096$	$F = 0.95$		
			$R^2 = .120$	$F = 1.22$	

consumers in states where public advocacy is high than in other states.

5) Consensual Policies - To assess the effects of public advocacy on policies that pit consumers as a whole against utility companies, I have focused on the percentage of a utility company's rate hike request actually granted by public utility commissioners. Because data on rate hike requests are not available for every firm in every state, the unit of analysis must be shifted from the state to the firm. And yet, state-specific effects could distort relationships between public advocacy and public policy decisions at the firm level. To control for state effects, I have assigned a dummy variable to each state included two or more times in the sample of firms. The data base includes all privately-owned electric companies serving five percent or more of the state's residential customers for which recent data were available.

As Table 10 indicates, there are discernible relationships between two variables and the percentage of a utility company's requested rate hike actually granted by the public utility commission. When proxy advocacy is high, a

(Insert Table 10 Here)

electric utility gets a smaller percentage of the rate hike it requests. In contrast, a utility company gets a larger percentage of what it asks for in states with more professional public utility commissions. Other relationships are not statistically significant at either the .05 or .10 level. Indeed, the sign for grassroots advocacy is actually in the wrong direction.

#### Discussion

In assessing the relative impacts of grassroots advocates and proxy advocates, it is important to keep in mind that all issue areas are not created equal. The issues examined in this article, though illustrative of different lines of cleavage, are not necessarily representative of the total pool of public utility

TABLE 10

EFFECTS OF PUBLIC ADVOCACY ON CONSENSUAL POLICY

(N = 89)

Rate Granted/Rate Requested		
Variable	Standardized b	p
Grassroots Advocacy	.210	.144
Proxy Advocacy	-.296	.067
P.U.C. Professionalism	.438	.040
Method of Selection	.072	.328
<sup>2</sup> R = .424 (Includes 20 State Dummy Variables)		F = 1.96

Note: To avoid an overly cumbersome equation, variables with F scores lower than .1 were omitted. This procedure resulted in the omission of political culture and five state dummy variables from this equation.



commission decisions. In fact, most public utility commission decisions concern revenue requirements or the total amount of money a utility company is permitted to earn. These issues are almost always consensual - - i.e., they pit consumers as a whole against utility companies. Fewer public utility commission decisions involve rate design (redistributive policies, futuristic policies, majoritarian policies) or conditions of service (protective policies). Indeed, until recently, many public utility commissions left rate design largely up to the utility companies.

In the revenue requirements area, where most public utility commission decisions occur, proxy advocates are more influential than grassroots advocates. Specifically, proxy advocates help create a discrepancy between the rate hike requested and the rate hike granted, while grassroots advocates do not. In other issue areas, proxy advocates and grassroots advocates are more equal in influence. Grassroots advocacy promotes the adoption of lifeline rates and discourages payment penalties for residential consumers. Proxy advocacy discourages late payment penalties and extends the number of days customers have to pay their bills before service is disconnected. Overall, proxy advocates, with their superior financial resources, greater expertise, and less threatening tactics, are more influential than grassroots advocates.

It is clear, however, that grassroots advocates and proxy advocates play different roles in the public utility regulatory process. To some extent, the choice of roles reflects legal constraints. In most states where proxy advocates are active, they are legally required to represent all consumers or the public as a whole. As a result, they understandably prefer consensual issues to issues that pit one class of consumers against another (rich vs. poor, business vs. residential consumers, etc.). Grassroots advocates, in contrast, are much

more flexible in the causes they espouse. There is one exception: legal requirements do circumscribe the behavior of legal aid societies. Because legal aid societies are required by law to represent the poor, they can only assist citizens' groups interested in promoting redistributive or protective policies. As a result, the poor are often well-represented in public utility commission proceedings.

The choice of conflicts also depends on the amount of expertise which particular public advocates possess and the amount of expertise which particular issue areas require. Consensual policies, concerning the allowed rate of return on equity, accounting practices, the treatment of construction work in progress, and other matters that relate to the utility company's overall earnings level, are usually complicated and technical in nature. They are better addressed by sophisticated testimony than by impassioned rhetoric. Redistributive and protective policies, on the other hand, are adopted or rejected on the basis of normative and political considerations. They can be forcefully addressed by persons with minimal technical training. Proxy advocates, who possess relatively high expertise, focus on revenue requirements issues with some expectation of success. Grassroots advocates, who generally lack expertise, focus instead on other issue areas, where their chances of success are greater.

Table 11 confirms that these choices are made. Proxy advocates and grass-

(Insert Table 11 Here)

roots advocates were asked to estimate the percentage of their budgetary resources allocated to revenue requirements, rate design, and other issues. All six proxy advocacy organizations allocate the lion's share of their resources to revenue requirements issues. In contrast, grassroots advocacy organizations are much more likely to allocate resources to rate design and other issues (including con-

TABLE 11

BUDGET ALLOCATIONS OF PUBLIC ADVOCATES

	Revenue Requirements (Mean)	Rate Design (Mean)	Other (Mean)
Grassroots Advocacy Organizations (N = 70)	22.6%	28.0%	49.4%
Proxy Advocacy Organizations (N = 6)	69.2%	19.3%	11.5%

ditions of service). In short, grassroots advocacy and proxy advocacy play complementary roles in the public utility regulatory process. They are not interchangeable solutions to the problem of public underrepresentation in regulatory agency proceedings.

#### Conclusion

As energy rates have skyrocketed and utilities issues have increased in salience, public advocates have emerged as key participants in the public utility regulatory process. In approximately one-half of the states, grassroots advocates have actively intervened in public utility commission proceedings during the 1974-1978 period. In approximately one-half of the states, proxy advocates have actively intervened. Both types of public advocates have contributed to policy responsiveness by public utility commissions. The degree of policy responsiveness has varied with characteristics of the public advocate, the political environment, the target agency, and the issue area.

Although these findings indicate that public advocacy can succeed, they should not be construed to mean that the regulatory process automatically functions as it should. First of all, relationships between public advocacy and regulatory policy outputs, though statistically significant some of the time, are not especially strong. This suggests that while public advocates are scoring victories in some instances, they are also losing in many others. Second, the organizational strength of many public advocates is due to government intervention, not the private sector's invisible hand. Funding for proxy advocates comes exclusively from government sources, primarily in the form of state legislative appropriations or a fee on regulated industries imposed by the state legislature. Funding for legal aid societies, which represent many neighbor-

hood associations in public utility commission proceedings, comes mainly from the national Legal Services Corporation, funded by Congress. A number of citizens' groups also receive federal funds indirectly through a Department of Energy program of grants to state offices of consumer services (proxy advocates or technical support offices) for interventions in electric rate proceedings.

Should these programs be cut back, the effectiveness of public advocates would probably diminish. Third, public advocates are considerably less versatile than might be expected. Due to sharply different organizational characteristics, a process of role differentiation has taken place. In general, proxy advocacy does little to resolve policy disputes that clearly pit one class of consumers against another. In general, grassroots advocacy does little to resolve policy disputes that are substantially technical in nature. Unless both proxy advocacy and grassroots advocacy are high, some interests are likely to be underrepresented in public utility regulatory proceedings.

## FOOTNOTES

1. Newer standard-setting agencies (e.g. the Environmental Protection Agency and the Occupational Safety and Health Administration) have been less susceptible to industry influence than older rate-setting and licensing agencies (e.g. the Interstate Commerce Commission and the Federal Communications Commission). Indeed, some critics charge that the EPA, OSHA and other new agencies have imposed unduly harsh burdens on regulated industries (Weidenbaum, 1977; MacAvoy, 1979). Others remind us that old agencies may respond to new challenges with vigor, imagination, or both (Welborn and Brown, 1979; Wilson et al., 1980).
2. See, for example, Scenic Hudson Preservation Conference v. FPC, 354 F. 2d 608 (2nd Circuit, 1965); Office of Communication of the United Church of Christ v. FCC, 359 F. 2d 994 (D.C. Circuit, 1966); National Welfare Rights Organization v. Finch, 429 F. 2d 725 (D.C. Circuit, 1970); and U.S. v. Students Challenging Regulatory Agency Procedures (SCRAP), 412 U.S. 699 (1973).
3. In Massachusetts and Florida, which are served by a large number of relatively small utility companies, a major rate case was defined as one involving a utility company which serves more than 25 percent of the residential customers in the state.
4. The author conducted interviews in 12 states; Professor Charles Williams of the University of Illinois at Chicago Circle conducted interviews in 6 states. The interviews were conducted over a 6-month period, from September, 1979 through February, 1980.
5. Legal aid societies have been classified as grassroots advocacy groups for two reasons. First, they are not government organizations, although

they do receive most of their funds from the Legal Services Corporation, which is funded by Congress. Second, the distinction between legal aid societies and their clients (neighborhood associations, community groups, etc.) breaks down because they typically speak with one voice. Indeed, legal aid societies lack the authority to intervene except on behalf of their clients, who usually lack the resources to intervene except through legal aid societies.

6. Grassroots advocates have been most active in electric cases, least active in telephone cases; proxy advocates have been most active in electric cases, least active in natural gas cases.
7. Sharkansky's methods were used to calculate scores for all 50 states, based on Elazar's most recent political culture classifications (1972). I am indebted to Professor Elazar for suggesting an appropriate classification for the District of Columbia's political culture (Traditionalistic/Individualistic).
8. Ordinary least squares regression analysis assumes that the range of the dependent variable is unrestricted and that the conditional variances for all joint values of the independent variables are equal, neither of which condition is met when the dependent variable is dichotomous.
9. The fact that no dummy variable is assigned to other states ensures that the equation is not overidentified.
10. For each firm, a 1978 rate decision, if available, was used; otherwise, a 1977 rate decision was used. If no information was available for either year, the firm was excluded from the analysis.

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February 17, 1981

M E M O R A N D U M

TO: Chairman and Members of the Assembly Government  
Affairs Committee

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

SUBJECT: Utility Intrastate Revenues and Mill Assessments

This memorandum is in response to your request for information regarding the amount of revenue a 3/4 mill assessment on utility gross intrastate revenues would generate. Based on figures contained in the governor's budget proposal, projected utility gross intrastate revenues amount to \$705,817,000 for 1981-1982 and \$811,690,000 for 1982-1983. A 3/4 mill assessment would amount to \$529,363 for 1981-1982 and \$608,767 for 1982-1983. Several other mill assessments, and their significance, are noted on the attached sheet.

SFH/llp  
Enc.

<u>Mill Assessment</u>	<u>Projected Mill Assessment Revenue</u>	
	<u>1981-1982</u>	<u>1982-1983</u>
1/4	\$ 176,454	\$ 202,922
1/2*	352,908	405,844
3/4	529,363	608,767
1**	705,817	811,690
1 1/4***	882,271	1,014,612
1 1/2	1,058,725	1,217,535
1 3/4	1,235,180	1,420,457
2†	1,411,634	1,623,380
2 1/4	1,588,088	1,826,302
2 1/2††	1,764,542	2,029,225
2 3/4†††	1,940,997	2,232,147
4+	2,823,268	3,246,760

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\*Minimum assessment for office of consumer advocacy proposed by initiative petition.

\*\*Public service commission request in governor's budget and ceiling for office of consumer advocacy proposed by initiative petition.

\*\*\*Ceiling for public service commission proposed in A.B. 58.

†Current collection by public service commission.

††New agency request in governor's budget.

†††Ceiling for new agency proposed in A.B. 58.

+Current ceiling pursuant to NRS 704.033.

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March 4, 1981

M E M O R A N D U M

TO: Chairman and Members of the Assembly Government  
Affairs Subcommittee on Consumer Advocacy

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

SUBJECT: Consultant/Contractual Services Used by Consumer  
Advocate

This memorandum is in response to your request for information regarding the use of contractual services by consumer advocacy offices. Data from 19 states appears in Table I.

Of the 19 offices, the range of percent of total budget allocated for contractual services is 4 percent (Massachusetts) to 78 percent (Maryland). As shown in Table I, four offices (Indiana, Maryland, Montana, and New Hampshire) devote more than 50 percent of their budgets to contractual services. Only four (Georgia, Massachusetts, Missouri and New York) devote 20 percent or less of their budgets to contractual services.

The range of dollar expenditures for contractual services in the 19 offices is \$10,000 (Massachusetts) to \$1,000,000 (Ohio). In addition to Ohio, the offices in Indiana, Maryland, New Jersey, and Pennsylvania have each allocated more than \$500,000 for contractual services. The offices of four states besides Massachusetts have allocated \$50,000 or less for contractual services: Georgia, Illinois, Missouri, and New Hampshire.

Finally, in order to provide some perspective on the relative rankings noted above, total budgets for offices of consumer advocacy range from \$65,000 (New Hampshire) to \$3,154,721 (Ohio). Other offices with total budgets less



Page 2

than \$300,000 include Arkansas, Connecticut, Illinois, Massachusetts, and Minnesota. Large budget offices (more than \$900,000) include Indiana, Maryland, New Jersey, Ohio, and Pennsylvania.

I hope this information is helpful. If you have any questions or would like additional information, please do not hesitate to contact me.

SFH/llp  
Enc.

TABLE I.

Summary of Consultant/Contractual Services Used  
by Consumer Advocate Offices

<u>State</u>	<u>Amount</u>	<u>Percent of Total Budget</u>
Arkansas	\$ 65,816	29
Connecticut	75,000	38
Florida	75,000	12
Georgia	22,574	6.5
Hawaii	up to 160,000	20
Illinois	50,000	20
Indiana	625,000	69
Maryland	921,950	78
Massachusetts	10,000	4
Michigan	up to 125,000	25
Minnesota	111,500	40
Missouri	45,000	10
Montana	321,013	70
New Hampshire	50,000	77
New Jersey	800,000	40
New York	94,000	14
Ohio	1,000,000	32
Pennsylvania	689,548	45
South Carolina	170,000	47

SOURCE: Survey of the resources of state utility consumer advocates conducted by William Barvick, Public Counsel, Office of the Public Counsel, Jefferson City, Missouri, July 1980.

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March 4, 1981

M E M O R A N D U M

TO: Chairman and Members of the Assembly Committee on  
Government Affairs' Subcommittee on Consumer Advocacy

FROM: Samuel F. Hohmann, Senior Research Analyst

SUBJECT: Responsibilities, Involvement and Activities of  
Offices of Consumer Advocacy

This memorandum is in response to your request for information regarding responsibilities, involvement and activities of offices of consumer advocacy. Twelve offices are contained in the following survey of the scope of activities in consumer advocacy offices. In several cases, issues and activities in which the offices are involved are listed. In a few cases, the organizational divisions are listed because they serve to represent functional areas of activity and involvement, e.g., New Jersey and Ohio.

Arkansas Division of Energy Conservation and Rate Advocacy Activities

1. Intervention in rate cases to hold rates to the lowest reasonable level, especially for residential customers.
2. Promotion of rate structure reform which will foster equity, reduce growth in peak demand and the need for additional construction of generating plants, and encourage energy conservation and the development of alternative energy sources.
3. Consumer education.
4. Federal-state regulatory coordination.

Florida Office of Public Counsel Issues and Activities

1. Issues: ratemaking proceeding, rate base, working capital, rate of return, return on equity, interim procedures.
2. Activities: generic cases, sunset, electric industry, telephone industry, transportation industry, water and sewer.

Office of the Consumers' Utility Counsel of Georgia

1. Research and case activities: electric, telephone, gas, and transportation.
2. Consumer relations: consumer complaints and inquiries, consumer education.

Indiana Office of Public Counselor

1. Appearances: electric, gas, water, telephone, railroad, promulgation of utility rules.
2. Field hearings: telephone, electric, railroad, water.

Kentucky Attorney General's Division of Consumer Protection

1. Litigation section: assurances of voluntary compliance; consumer protection litigation; and anti-trust.
2. Intervention before ratemaking and regulatory bodies, and the courts.
3. Consumer services: complaint mediation.
4. Consumer education.

Missouri Office of the Public Counsel

1. Energy utilities: fuel adjustment clause, retroactive surcharge and customer refund, interest on refund, winter heating problems of low income people, residential energy conservation plan, rate design (electric, gas), interim rate cases, utility productivity, and capacity expansion investigation.
2. Telephone: installation charges, FCC registration program for customer-owned equipment, quality of rural service, private lines rates, and rate design.
3. Other: cash working capital, advertising, consumer workshops, and written interrogatories.

New Jersey Department of Public Advocate Organization

1. Division of Administration: Office of Inmate Advocate.
2. Division of Rate Counsel.
3. Division of Mental Health Advocacy.
4. Division of Public Interest Advocacy.
5. Division of Citizen Complaints and Dispute Settlement: Office of Citizen Complaints, Office of Dispute Settlement.

New Mexico Attorney General's Office, Energy Unit of the Consumer Division

1. Electric cases.
2. Rulemaking proceedings.
3. Natural gas.
4. Nuclear.

Energy and Utilities Unit of the New York Department of Law Activities

1. Public Service Commission proceedings: small power generation, telephone, gas, and electric.
2. State Energy Office and State Energy Planning Board proceedings: state energy master plan.
3. Federal administrative agency proceedings: phantom taxes, incremental pricing, rate design, gasoline allocation, heating oil supplies and credit terms, coal conversion, gas company alleged anti-trust violations, and oil company overcharges.
4. Court litigation.

Ohio Office of the Consumers' Counsel

1. Legal services: representation for Ohio's residential utility consumers in regulatory proceedings on the state and federal level.
2. Technical services: preparation of policy positions regarding utility regulation issues; testimony in regulatory proceedings; management of consultant services; performance of special studies of regulatory issues and utility company operations.
3. Consumer services: consumer complaints, consumer education.
4. Administration: liaison with federal and state legislative bodies and agencies.

Pennsylvania Department of Justice, Office of Consumer Advocate

1. Rate cases.
2. Formal proceedings on the federal level.

3. Rulemaking proceedings: fuel adjustment clause, generic rate structure (marginal cost pricing, time of use rates, lifeline rates), uniform billing and terminations practices, conservation-insulation plan, Three Mile Island reallocations.
4. Investigations: overbillings, coal contract overcharges, gas exploration.
5. Energy policy planning.
6. Consumer services: complaints and intervention assistance.

Division of Consumer Advocacy, South Carolina Department of Consumer Affairs

1. Public Service Commission hearings and civil proceedings: electric, gas, telecommunications, transportation, water and sewerage.
2. Insurance Commission.
3. Dairy Commission.
4. Residential Conservation Service.
5. Governor's Task Force for Emergency Response in Support of Fixed Nuclear Facilities.

I hope this information is helpful. If you have any questions or would like further information, please do not hesitate to contact me.

SFH/jld

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March 4, 1981

TO: Chairman and Members of Assembly Government  
Affairs Subcommittee on Consumer Advocacy

FROM: Samuel F. Hohmann, *Senior Research Analyst*

SUBJECT: Consumer Advocate Staff Turnover

This memorandum is in response to your request for information regarding the length of time staff of offices of consumer advocacy remain with such offices. The following outline illustrates the extent of consumer advocate staff turnover in at least four states.

- I. Arkansas Attorney General's Office, Division of Energy Conservation and Rate Advocacy.

Created in 1977.

Staff Appointments

<u>Position</u>	<u>Current</u>	<u>Previous</u>
Director	9/79	1977-1979*
Attorney	4/80	NA
Economist	2/80	1977-1979*
Research Assistant	eliminated	1977-1979*
Administrative Assistant	1980 (new)	-
Secretary	NA	NA

\*Joined staff of newly created Arkansas Department of Energy.



II. Office of the Consumers' Utility Counsel of Georgia.

Created in 1977.

Staff appointments - turnover between November 1979 and October 1980

<u>Position</u>	<u>Same</u>	<u>Different</u>
Consumers' Utility Counsel	X	
Consumer Relations Director		X
Executive Assistant		new
Staff Attorney (2)	X	X
Information Assistant		new
Confidential Secretary		X
Consumer Relations Specialist/ Research Assistant	X	
Financial Analyst	X	
Engineer		new
Research Assistant		Positions in 1979 report which are not included in 1980 report.
Administrative Attorney and Computer Specialist		
Secretary/Receptionist		

III. Missouri Office of the Public Counsel

Created in 1974.

Staff Appointments

<u>Position</u>	<u>Current</u>	<u>Previous</u>
Chief Accountant	1/79	-
Utility Accountant	NA	10/78-6/79
Chief Utility Economist	9/79	-

IV. Ohio Office of the Consumers' Counsel

Created in 1976.

Staff Appointments - turnover between April 1979 and April 1980.

<u>Position</u>	<u>Same</u>	<u>Different</u>
Consumers' Counsel	X (since 1976)	
Legal Director		X
Technical Advisor	X	
Technical Director		new
Deputy Director		
Consumer Services Administration		X

V. The consumer advocates of the following states have held their current positions for at least two years:

<u>State</u>	<u>Position</u>	<u>Creation of Office</u>
Florida	Public Counsel	1974
Massachusetts	Assistant Attorney General	NA
Michigan	Assistant Attorney General and Executive Director	NA
Missouri	Public Counsel	1974
New York	Assistant Attorney General	1979
Ohio	Consumers' Counsel	1976
South Carolina	Consumer Advocate	1978

I hope this information is helpful. If you have any questions or would like additional information, please do not hesitate to contact me.

SFH:jlc



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March 5, 1981

M E M O R A N D U M

TO: Chairman and Members of the Assembly Government  
Affairs Subcommittee on Consumer Advocacy

FROM: Samuel F. Hohmann, *[Signature]* Senior Research Analyst  
Science & Technology

SUBJECT: Office of Consumer Advocate Budget

This memorandum is in response to your request for information regarding a budget for the proposed office of consumer advocacy to be placed within the attorney general's office. The attached budget proposal provides for five full-time staff and assumes that 50 percent of the total is allocated to contract services. A copy of the consumer advocate office budget proposal prepared for the Coalition for Affordable Energy is also attached (entitled "Three Proposed Consumer Advocacy Budgets Under the Office of the Attorney General.")

I hope this information is helpful. If you have any questions or would like additional information, please do not hesitate to contact me.

SFH/llp  
Enc.

A Budget Proposal

<u>Budget Item</u>	<u>Amount</u>	<u>Annotation</u>
<u>Personnel</u>		
A. Salaries		
Consumer Advocate	\$ 37,000	Based on chief deputy attorney general IV position in governor's budget.
Attorney	\$ 26,000- 35,000	Based on deputy attorney general I, II, and III positions in governor's budget.
Economist	\$ 26,000- 35,000	Based on comparable public service commission staff position in governor's budget.
Accountant	\$ 26,000- 35,000	Based on comparable positions noted in other states' consumer advocate annual reports.
Secretary/ Administrative Assistant	\$ 15,000- 25,000	Based on comparable public service commission staff position in governor's budget.
Total Salaries:	\$130,000-167,000	
B. Benefits	\$ 16,900- 21,710	Thirteen percent (13%) add-on.
Total Personnel:	\$146,900-188,710	
<u>Operating Expense</u>	<u>\$ 16,000- 21,000</u>	Approximately 10% of sum of personnel and operating expense.
Total Personnel & Operating Expenses:	<u>\$162,900-209,710</u>	
<u>Contract Services</u>	\$162,900-209,710	Amount equal to in-house budget.
TOTAL:	<u>\$325,800-419,420</u>	

## THREE PROPOSED CONSUMER ADVOCACY BUDGETS UNDER OFFICE OF THE ATTORNEY GENERAL

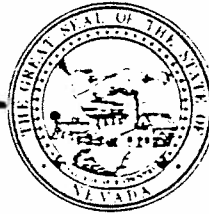
Prepared by David S. Schwartz, PhD, Bethesda, MD  
and Rodney E. Stevenson, PhD, U. of Wisconsin

OFFICE TITLE	BARE BONES BUDGET	AVERAGE SALARIES BUDGET	ABOVE AVERAGE BUDGET
Director	\$40,000.00	\$40,000.00	\$42,000.00
Legal Assistant #1	22,500.00	22,500.00	25,000.00
Legal Assistant #2	22,500.00	22,500.00	25,000.00
Public Utility Specialist *	38,000.00		
Chief Economist		\$32,000.00	37,500.00
Chief Engineer		35,000.00	40,000.00
Senior Auditor with financial background		35,000.00	40,000.00
Legal Secretary	<u>14,000.00</u>	<u>14,000.00</u>	<u>15,000.00</u>
TOTAL SALARIES	<u>\$137,000.00</u>	<u>\$201,000.00</u>	<u>\$224,500.00</u>
TOTAL ON STAFF	five (5)	seven (7)	seven (7)
Contract Services	\$125,000.00	\$100,000.00	\$150,000.00
Operation Expenses	<u>35,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>
TOTAL EXPENSES	<u>\$160,000.00</u>	<u>\$150,000.00</u>	<u>\$200,000.00</u>
TOTAL SALARIES PLUS EXPENSES, (annual)	<u>\$297,000.00</u>	<u>\$351,000.00</u>	<u>\$424,500.00</u>

\*This is a position requiring a person with broad experience, having formal training in at least one, and having had practical experience in all of the following related disciplines: Economics, Law, Accounting, Engineering.

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William A. Bible, *Assembly Fiscal Analyst*

ARTHUR J. PALMER, *Director*  
(702) 885-5627

FRANK W. DAYKIN, *Legislative Counsel* (702) 885-5627  
JOHN R. CROSSLEY, *Legislative Auditor* (702) 885-5620  
ANDREW P. GROSE, *Research Director* (702) 885-5637

March 6, 1981

M E M O R A N D U M

TO: Chairman and Members of the Assembly Government  
Affairs Subcommittee on Consumer Advocacy

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

SUBJECT: Office Space for Consumer Advocate

This memorandum is in response to your request for information regarding office space for the proposed consumer advocate and staff.

The Chief Deputy Attorney General Larry Struve has indicated that the basement of the Heroes Memorial Building might accommodate a staff of the size proposed for the office of consumer advocacy. Remodelling of this space has already been proposed in the 1981-1983 Recommended Capital Improvement Program of the Public Works Board (item 81-18, copy attached).

According to William Hancock, Secretary-Manager of the Public Works Board, there are 7464 square feet of space that would cost \$47 per square foot to remodel. This amounts to about \$350,000 plus design costs. The balance of the cost of the project is for the addition of an elevator to provide handicapped persons access to all five levels of the building.

Mr. Hancock has indicated in correspondence to Assemblyman Mello his willingness to review the project in detail for the subcommittee. (A copy of the letter is also attached.) Further details regarding the project might be directed to him.

I hope this information is helpful. If you have any questions or would like additional information, please do not hesitate to contact me.

SFH  
Enc.

Project No.	Project Description	Land Acquisition	Professional Services	Construction	Inspection	Furnishings	Project Total	State Funds Accumulated Total
81-18	<u>Remodel Heroen Memorial Building, Carson City</u>  The addition of an elevator to provide access to all five levels of the building and the remodeling of the basement to provide additional administrative facilities.	-0-	\$ 72,700	\$ 584,300	\$ 28,000	\$ 45,000	\$ 730,000	\$ 22,072,000
81-19	<u>Storage and Shop Facilities, Division of Forestry, Washoe Valley</u>  Completion of the existing relocated shop building shell and a storage shed for vehicles.  Estimated 30 year life cycle costs: Operating & Maintenance Costs \$ 480,000 Construction Cost \$ 129,000 Total Cost \$ 609,000	-0-	-0-	\$ 120,300	\$ 8,700	-0-	\$ 129,000	\$ 22,201,900
81-20	<u>Addition to the Legislative Building, Carson City</u>  An addition providing additional large committee rooms and administrative facilities.  Estimated 60 year life cycle cost: Operating & Maintenance Costs \$13,601,000 Construction Cost \$ 4,581,000 Total Cost \$18,182,000	-0-	\$285,500	\$3,975,300	\$52,200	\$268,000	\$4,581,000	\$ 26,782,900

H H H H H



STATE OF NEVADA  
PUBLIC WORKS BOARD

LIAM E. HANCOCK, A.I.A.  
Secretary and Manager

Kinkead Building, Room 400  
Capitol Complex  
CARSON CITY NEVADA 89710  
(702) 885-4870

Assemblyman Don Mello  
Legislative Building  
Carson City, NV 89701

March 4, 1981

IN REPLY REFER TO SUBJECT


RE HEROES MEMORIAL  
BUILDING

Dear Don:

We have been involved with the Attorney General's Office in developing a solution to house the proposed Consumer Advocacy Office in the basement of the Heroes Memorial Building.

We have developed schematic plans and estimates for that work and I would be happy to discuss it with you and your subcommittee.

Sincerely,

  
William E. Hancock, AIA  
Secretary-Manager

/dz

cc: Sam Hohmann, LCB ✓



PUBLIC SERVICE COMMISSION OF NEVADA  
 Revised Summary For Budget Request  
 1981-1983 Biennium

	PSC FY 1981-82	DUTCR FY 1981-82	Combined FY 1981-82	Adjustments		Adjusted Combined FY 1981-82	PSC FY 82-83	DUTCR FY 82-83	Combined FY 82-83	Adjustments		Adjusted Combined FY 1982-83
				Increases	Decreases					Increases	Decreases	
Salaries -Payroll												
Totals (Sch.A)	605,798	1,852,744	2,458,542	19,251	89,411	2,388,382	638,018	1,951,650	2,589,668	-	77,297	2,512,371
Out of State												
Travel	8,250	19,200	27,450			27,450	9,075	21,120	30,195			30,195
In State												
Travel	13,664	68,916	82,580			82,580	15,030	75,808	90,838			90,838
Office supplies &												
Expense	2,457	7,372	9,829			9,829	2,703	8,109	10,812			10,812
Operating Suppl.	2,735	8,204	10,939			10,939	3,009	9,024	12,033			12,033
Communications												
Expense	17,003	33,161	50,164	(1)	6,693	43,471	17,769	33,675	51,444	(1)	7,362	44,082
Print Duplic.												
Copy	8,557	13,395	21,952	(2)	4,604	17,348	9,412	14,734	24,146	(2)	5,063	19,083
Insurance Expense	363	1,288	1,651			1,651	399	1,397	1,796			1,796
Contractual Serv.	25,000	175,000	200,000			200,000	25,000	175,000	200,000			200,000
Other Contract Ser.	31,852	45,742	77,594	(3)	21,656	55,938	32,736	36,785	69,521	(3)	22,266	47,255
Legal & Court												
Expense	76,148	56,925	133,073			133,073	82,395	62,618	145,013			145,013
State Owned Bldg.												
Rent	5,904	5,573	11,477			11,477	6,790	6,409	13,199			13,199
Other Building												
Rent	72,000	144,000	216,000			216,000	82,800	165,600	248,400			248,400
Maint Bldg. &												
Grounds	431	1,293	1,724			1,724	474	1,422	1,896			1,896
EDP Sys Program												
Facility Charge		50,820	50,820			50,820	-o-	68,790	68,790			68,790
Dues & Registration	2,406	8,330	10,736			10,736	2,647	9,163	11,810			11,810
Employee Transfers	12,175	19,525	31,700			31,700	4,000	7,500	11,500			11,500
Total Oper Exp.	257,031	570,628	827,659		32,953	794,706	270,134	600,226	870,360		34,691	835,667
Office Furn. &												
Equipment	8,375	10,580	18,955	(4)	3,154	15,801	-o-	2,752	2,752	-o-		2,752
Out of State												
Audits	-o-	15,000	15,000			15,000	-o-	15,000	15,000			15,000
PURPA (Public												
Util. Reg. Pol.												
Act)	45,675	137,025	182,700			182,700	45,675	137,025	182,700			182,700
Reserve (Sch.B_2)	204,620	385,708	590,328	(5)	70,187	520,141	202,265	82,631	284,896	(5)	41,801	326,695
TOTAL AGENCY												
EXPENDITURES	1,143,303	3,059,801	4,203,214	19,251	105,565	4,026,760	1,180,107	2,826,653	3,652,713		117,992	3,534,721

PUBLIC SERVICE COMMISSION  
 Revised Budget - PSC/DUTCR Combined  
 Governor Recommended  
 Adjusted to Reflect No Affect of AB-58  
 FY 1981-82

	PSC	DUTCR	Total	Adjusted		Adjust
	224-3920	(UCRA) 224-3921	Combined 224-3920	Increases	Decreases	Combir Total
<u>LARY - PAYROLL</u>						
isting Positions:						
airman PSC	42,522		42,522			42,522
o. Svc. Commissioner	41,610		41,610			41,610
o. Svc. Commissioner	41,610		41,610			41,610
puty Commissioner	36,081		36,081			36,081
in. Ass't PSC	24,054		24,054			24,054
in. Ass't PSC	24,054		24,054			24,054
in. Ass't PSC	24,054		24,054			24,054
ncial Analyst	34,638		34,638			34,638
l. Oper. & Rate Spec.	34,638		34,638			34,638
. & Admin. Officer	23,168		23,168			23,168
s't Comm. Sec'y	18,864		18,864	(7) 19,251	(6) 23,168	-o-
gement Ass't III	16,461		16,461		(7) 18,864	19,251
g. nt Ass't I	13,161		13,161			16,461
Legal Steno	12,398		12,398			13,161
Clerk	16,745		16,745			12,398
						16,745
onomist		37,174	37,174			37,174
ff Counsel		39,930	39,930			39,930
. Audit & Fin. Serv.		39,930	39,930			39,930
. Engineering Serv.		39,930	39,930			39,930
. Consumer Serv.		30,532	30,532			39,930
. Trans. Reg.		30,369	30,369			30,532
't Staff Counsel		34,638	34,638			30,369
ior Auditor - PSC		34,638	34,638			34,638
ior Auditor - PSC		34,638	34,638			34,638
ior Auditor - PSC		34,638	34,638			34,638
ior Auditor - PSC		34,638	34,638			34,638
itor - PSC		31,511	31,511			34,638
itor - PSC		31,511	31,511			31,511
itor - PSC		31,511	31,511			31,511
itor - PSC		31,511	31,511			31,511
itor - PSC		31,511	31,511			31,511
itor - PSC		31,511	31,511			31,511
itor - PSC		31,511	31,511			31,511
itor - PSC		31,511	31,511			31,511
itor - PSC		31,511	31,511			31,511
itor - PSC		31,511	31,511			31,511

PUBLIC SERVICE COMMISSION  
 Revised Budget - PSC/DUTCR Combined  
 Governor Recommended  
 Adjusted to Reflect No Affect of AB-58  
 FY 1981-82

	PSC 224-3920	DUTCR (UCRA) 224-3921	Total Combined 224-3920	Adjusted Increases	Decreases	Adjusted Combined Total
<u>SALARY - PAYROLL (Cont'd)</u>						
<u>Existing Positions:</u>						
Engineer - Communications		34,638	34,638			34,638
Engineer - Water		34,638	34,638			34,638
Engineer - Electric		34,638	34,638			34,638
Engineer - Gas Pipeline Safety		34,638	34,638			34,638
Consumer Services - Rep.		24,783	24,783			24,783
Consumer Services - Rep.		24,783	24,783			24,783
Consumer Services - Rep.		24,783	24,783			24,783
Consumer Services - Rep.		24,783	24,783			24,783
Utility Rate Spec.		27,670	27,670			27,670
Ins. Rate Spec.		18,396	18,396			18,396
Min. Aid II - Range A		9,719	9,719			9,719
Management Ass't I		11,199	11,199			11,199
Account Clerk		10,142	10,142			10,142
Legal Steno		14,583	14,583			14,583
Accountant		23,168	23,168			23,168
Management Ass't II		15,346	15,346			15,346
Min. Aide II - Range A		9,904	9,904			9,904
Management Ass't I		14,032	14,032			14,032
Min. Aid II - Range A		9,813	9,813			9,813
Management Ass't I		11,268	11,268			11,268
Motor Carrier Insp. (2)		42,220	42,220			42,220
Safety Insp.		17,134	17,134			17,134
Management Ass't I		11,482	11,482			11,482
Supv. Admin. Aid		14,032	14,032			14,032
Management Ass't I		12,483	12,483			12,483
Total Existing Positions	404,058	1,184,929	1,588,987	19,251	42,032	1,566,206

Proposed Positions:

Utilities Officer  
 Inspector - Aviation  
 Certification Eng. III  
 Management Analyst

Transfer to 4717 DMV:

Inspectors PSC

PUBLIC SERVICE COMMISSION  
 Revised Budget - PSC/DUTCR Combined  
 Governor Recommended  
 Adjusted to Reflect No Affect of AB-58  
 FY 1981-82

	PSC	DUTCR	Total	Adjusted		Adjus
	224-3920	(UCRA) 224-3921	Combined 224-3920	Increases	Decreases	Combi Total
<u>New Positions:</u>						
Financial Analyst	34,638		34,638			34,638
Public Educ/Stat. Anal.	28,351		28,351			28,351
Management Ass't I	10,338		10,338	(8)	10,338	-o-
Principal Acc't Clerk	11,764		11,764	(9)	11,764	-o-
Director (of Reg. Operations)		41,610	41,610			41,610
P. Systems Analyst		37,174	37,174			37,174
Manager Admin. Services		33,365	33,365			33,365
Manager Rates & Tariff		36,370	36,370			36,370
Asst Staff Counsel		34,638	34,638			34,638
Senior Analyst		31,511	31,511			31,511
Consumer Rep - CC		24,783	24,783			24,783
Office Mgr. - Cons. Rep (LV)		26,022	26,022			26,022
Management Ass't III		12,284	12,284	(10)	12,284	-o-
Engineering Tech. V		16,053	16,053			16,053
Engineering Tec. IV		14,677	14,677			14,677
Management Ass't III		12,284	12,284			12,284
<b>Total New Positions</b>	<b>85,091</b>	<b>320,771</b>	<b>405,862</b>		<b>34,386</b>	<b>371,476</b>
Industrial Insurance	9,784	30,120	39,904	(11)	1,150	38,754
Retirement	39,132	120,456	159,588	(11)	4,573	155,015
Personnel Assessment	1,020	2,492	3,512	(11)	24	3,488
Group Insurance	16,872	51,504	68,376	(11)	1,914	66,462
Roll Assess CLA	1,125	3,463	4,588	(11)	131	4,457
Retirement Group Ins.	587	1,807	2,394	(11)	69	2,325
Employment Comp.	2,054	6,324	8,378	(11)	240	8,138
Salary Adj. Res. Non g.f.	44,494	124,520	169,014	(11)	4,892	164,122
Longevity Pay	1,581	6,358	7,939		-o-	7,939
<b>Total Salary Payroll</b>	<b>605,798</b>	<b>1,852,744</b>	<b>2,458,542</b>	<b>19,251</b>	<b>89,411</b>	<b>2,388,382</b>

PUBLIC SERVICE COMMISSION  
 Revised Budget - PSC/DUTCR Combined  
 Governor Recommended  
 Adjusted to Reflect No Affect of AB-58  
 FY 1982-83

	PSC 224-3920	DUTCR (UCRA) 224-3921	Total Combined 224-3920	Adjusted Increases Decreases	Adjusted Combined Total
<u>SALARY - PAYROLL</u>					
<u>Existing Positions:</u>					
Chairman PSC	42,522		42,522		42,522
Deputy Svc. Commissioner	41,610		41,610		41,610
Deputy Svc. Commissioner	41,610		41,610		41,610
Deputy Commissioner	36,081		36,081		36,081
Admin. Ass't PSC	24,054		24,054		24,054
Admin. Ass't PSC	24,054		24,054		24,054
Admin. Ass't PSC	24,054		24,054		24,054
Financial Analyst	34,638		34,638		34,638
Phil. Oper. & Rate Spec.	34,638		34,638		34,638
Sec. & Admin. Officer	24,271		24,271	(6) 24,271	-0-
Asst Comm. Sec'y	19,251		19,251		19,251
Management Ass't III	16,797		16,797		16,797
Management Ass't I	13,737		13,737		13,737
Legal Steno	12,962		12,962		12,962
Clerk	16,797		16,797		16,797
Economist		37,174	37,174		37,174
Staff Counsel		39,930	39,930		39,930
Tr. Audit & Fin. Serv.		39,930	39,930		39,930
Tr. Engineering Serv.		39,930	39,930		39,930
Tr. Consumer Serv.		30,532	30,532		30,532
Tr. Trans. Reg.		30,369	30,369		30,369
Asst Staff Counsel		34,638	34,638		34,638
Senior Auditor - PSC		34,638	34,638		34,638
Senior Auditor - PSC		34,638	34,638		34,638
Senior Auditor - PSC		34,638	34,638		34,638
Senior Auditor - PSC		34,638	34,638		34,638
Auditor - PSC		31,511	31,511		31,511
Auditor - PSC		31,511	31,511		31,511
Auditor - PSC		31,511	31,511		31,511
Auditor - PSC		31,511	31,511		31,511
Auditor - PSC		31,511	31,511		31,511
Auditor - PSC		31,511	31,511		31,511
Auditor - PSC		31,511	31,511		31,511
Auditor - PSC		31,511	31,511		31,511
Auditor - PSC		31,511	31,511		31,511
Auditor - PSC		31,511	31,511		31,511

PUBLIC SERVICE COMMISSION  
 Revised Budget - PSC/DUTCR Combined  
 Governor Recommended  
 Adjusted to Reflect No Affect of AB-58  
 FY 1982-83

	PSC 224-3920	DUTCR (UCRA) 224-3921	Total Combined 224-3920	Adjusted Increases	Decreases	Adjusted Combined Total
<u>PAYROLL - PAYROLL (Cont'd)</u>						
<u>Existing Positions:</u>						
Engineer - Communications		34,638	34,638			34,638
Engineer - Water		34,638	34,638			34,638
Engineer - Electric		34,638	34,638			34,638
Engineer - Gas Pipeline Safety		34,638	34,638			34,638
Consumer Services - Rep.		24,783	24,783			24,783
Consumer Services - Rep.		24,783	24,783			24,783
Consumer Services - Rep.		24,783	24,783			24,783
Consumer Services - Rep.		24,783	24,783			24,783
Utility Rate Spec.		27,670	27,670			27,670
Trans. Rate Spec.		19,251	19,251			19,251
Min. Aid II - Range A		10,127	10,127			10,127
Management Ass't I		11,693	11,693			11,693
Print Clerk		10,573	10,573			10,573
Legal Steno		15,251	15,251			15,251
Accountant		23,168	23,168			23,168
Management Ass't II		15,346	15,346			15,346
Min. Aide II - Range A		10,338	10,338			10,338
Management Ass't I		14,032	14,032			14,032
Min. Aid II - Range A		10,243	10,243			10,243
Management Ass't I		11,764	11,764			11,764
Tor Carrier Insp. (2)		42,220	42,220			42,220
Safety Insp.		17,935	17,935			17,935
Management Ass't I		11,991	11,991			11,991
Orv. Admin. Aid		14,032	14,032			14,032
Management Ass't I		13,052	13,052			13,052
Total Existing Positions	407,076	1,191,024	1,598,100	24,271		1,573,829

Deleted Positions:

Utilities Officer  
 Inspector - Aviation  
 Aviation Eng. III  
 Management Analyst

Transfer to 4717 DMV:

Inspectors PSC

PUBLIC SERVICE COMMISSION  
 Revised Budget - PSC/DUTCR Combined  
 Governor Recommended  
 Adjusted to Reflect No Affect of AB-58  
 FY 1982-83

	PSC 224-3920	DUTCR (UCRA) 224-3921	Total Combined 224-3920	Adjusted Increases Decreases	Adjus Combi Total
<u>New Positions:</u>					
Financial Analyst	34,638		34,638		34,638
Public Educ/Stat. Anal.	28,351		28,351		28,351
Management Ass't I	10,797		10,797	(8) 10,797	-o-
Principal Acc't Clerk	12,284		12,284	(9) 12,284	-o-
Director (of Reg. Operations)		41,610	41,610		41,610
P. Systems Analyst		37,174	37,174		37,174
Manager Admin. Services		33,365	33,365		33,365
Manager Rates & Tariff		36,370	36,370		36,370
Asst Staff Counsel		34,638	34,638		34,638
Senior Analyst		31,511	31,511		31,511
Consumer Rep - CC		24,783	24,783		24,783
Office Mgr. - Cons. Rep (LV)		26,022	26,022		26,022
Management Ass't III		12,842	12,842	(10) 12,842	-o-
Engineering Tech. V		16,797	16,797		16,797
Engineering Tec. IV		15,346	15,346		15,346
Management Ass't III		12,842	12,842		12,842
<b>Total New Positions</b>	<b>86,070</b>	<b>323,300</b>	<b>409,370</b>	<b>35,923</b>	<b>373,447</b>
Industrial Insurance	11,094	34,079	45,173	(11) 1,359	43,814
Retirement	39,452	121,146	160,598	(11) 4,816	155,782
Personnel Assessment	1,053	2,563	3,616	(11) 111	3,505
Group Insurance	18,468	56,376	74,844	(11) 2,211	72,633
Roll Assess CLA	1,134	3,483	4,617	(11) 138	4,479
Retirement Group Ins.	592	1,817	2,409	(11) 72	2,337
Employment Comp.	2,071	6,360	8,431	(11) 252	8,179
Salary Adj. Res. Non g.f.	69,304	204,254	273,558	(11) 8,144	265,414
Longevity Pay	1,704	7,248	8,952	-o-	8,952
<b>Total Salary Payroll</b>	<b>638,018</b>	<b>1,951,650</b>	<b>2,589,668</b>	<b>77,297</b>	<b>2,512,371</b>

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PUBLIC SERVICE COMMISSION OF NEVADA  
Revised Revenue Requirement Summary  
1981-1983 Biennium

	PSC FY 1981-82	DUTCR FY 1981-82	Combined FY 1981-82	Adjustments		Adjusted Combined FY 1981-82	PSC FY 82-83	DUTCR FY 82-83	Combined FY 82-83	Adjustments		Adjusted Combined FY 1982-83
				Increases	Decreases					Increases	Decreases	
Highway Approp- riation	84,405	253,216	337,621			337,621	91,812	275,436	367,248			367,248
Balance Fwd. From Old Yr.	283,116	849,347	1,132,463			1,132,463	204,620	385,708	590,328	(13)	70,187	520,141
Reg Assess.	705,817	1,764,543	2,470,360	(12)	176,454	2,293,906	811,690	2,029,225	2,840,915			2,840,915
Application Fees	24,000		24,000			24,000	26,000		26,000			26,000
Taxicab Fees		11,500	11,500			11,500		13,000	13,000			13,000
Fed Gas Pipeline Safety		15,800	15,800			15,800		17,000	17,000			17,000
Xerox Serv. Fees	400	1,200	1,600			1,600	400	1,200	1,600			1,600
Tractor Lic. Fees		12,000	12,000			12,000		12,000	12,000			12,000
Warehouse Permit Fees		500	500			500		500	500			500
Federal RR Safety		14,670	14,670			14,670		15,118	15,118			15,118
URPA Prog	45,675	137,025	182,700			182,700	45,675	137,025	182,700			182,700
Total Funds Available	1,143,413	3,059,801	4,203,214		176,454	4,026,760	1,180,197	2,886,212	4,066,409		70,187	3,996,222



PUBLIC SERVICE COMMISSION OF NEVADA  
Revenue Requirement for Budget Request  
1981-1983 Biennium

	<u>First Year</u> <u>FY 1981-82</u>	<u>Second Year</u> <u>FY 1982-83</u>
Highway Appropriation	337,621	367,248
Balance Foward from Old Year	1,132,463	520,141
Regulatory Assessment 3.25 Mills Gross Intrastate Revenue 1979 613,754,148 Incr. 15% = \$705,817,270	2,293,906	
Regulatory Assessment 3.50 Mills Gross intrastate Revenue 1980 705,817,270 incr. 15% = \$811,689,861		2,840,915
Application Fees	24,000	26,000
Taxicab Fees	11,500	13,000
Fed. Gas Pipeline Safety	15,800	17,000
Xerox Service Fees	1,600	1,600
Tow Truck License Fees	12,000	12,000
Warehouse Permit Fees	500	500
Federal Railroad Safety	14,670	15,118
PURPA Program	<u>182,700</u>	<u>182,700</u>
Total Funds Available	4,026,760	3,996,222
Total Budget Request (Adjusted)	<u>3,506,619</u>	<u>3,669,525</u>
Reserve	<u>520,141</u>	<u>326,697</u>

ADJUSTMENT NO. 1

Communication Expense

Postage (Acc't 7030)		17,848
Fiscal Year 1981-82 Requested (PSC 8,924, DUTCR 8,924)		
Amount Expended for FY 1979-80	10,141	
Increase - 10% due to inflation	<u>1,014</u>	
Total		<u>11,155</u>
Adjustment Decrease		\$ <u>6,693</u>
Fiscal Year 1982-83 Requested (PSC 9,816, DUTCR 9,816)		19,632
Amount Needed for FY 1981-82	11,155	
Increase - 10% due to inflation	<u>1,115</u>	
Total		<u>12,270</u>
Adjustment #1 Decrease		\$ <u>7,362</u>

ADJUSTMENT NO. 2

Print duplicating copy

Print - Stationery (Acc't 7040)		
Fiscal Year 1981-82 Requested (PSC 6,137, DUTCR 6,137)		12,274
Amount Expended for FY 1979-80	5,734	
Adjusted for Increase in average number of employees (FY 1979-80 = 61.67 est. 1981-82 = 75)	<u>1,240</u>	
New Amount of apply inflation factor	6,974	
Increase 10% due to inflation	<u>696</u>	
Total		<u>7,670</u>
Adjustment #2 Decrease		\$ <u>4,604</u>
Fiscal Year 1982-83 Requested (PSC 6,750, DUTCR 6,750)		13,500
Amount Needed for FY 1982-82	7,670	
Increase - 10% due to inflation	<u>767</u>	
Total		<u>8,437</u>
Adjustment #2 Decrease		\$ <u>5,063</u>

ADJUSTMENT NO. 3

Other Contract Service:

IBM Equip (Acc't 7070) Maint Fiscal Year 1981-82 Reqeusted	66,594
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Purchase Contracts:

1 Copier III w/collator @ \$780/mo	9,360
4 Mag Card II @ 763/mo (GRP)	9,161
1 Two Station Display writers @ 760/mo	9,120
6 Electronic "75" Typewriters @ 344/mo	4,128
Total	<u>31,769</u>

IBM Maintenance Agreements:

9 Selectric Typewriters @ 73.50 ea./yr.	662
1 Copier III with Collator @ 300/mo	3,600
4 Mag Car II @ 612.50 ea/yr.	2,450
6 Electronic "75" Typewriter \$260 ea/yr	1,560
1 2 Station Display writers	<u>3,700</u>
Total	11,972

Increase 10% for inflation	<u>1,197</u>
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Total FY 1981-82 Maintenance	13,169
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Total Purchase Contract and Maintenance Agreement	<u>44,938</u>
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Adjustment #3 Decrease	<u>\$21,656</u>
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Fiscal Year 1982-83 Requested	68,521
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Purchase Contract Same as for FY 1981-82	31,769
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IBM Maint. Agreement FY 1981-82	13,169
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Increased by 10% inflation	<u>1,317</u>
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Total Maint Agreement	<u>14,486</u>
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Total Purchase Contract and Maint Agreement	<u>46,255</u>
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Adjustment #3 Decrease	<u>\$22,266</u>
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ADJUSTMENT NO. 4

Capital outlay

Furniture and Equipment FY 1981-82 Requested		18,955
Furniture and Equipment not needed due to reduction in positions; also nullifying AB-58:		
Work Station for Principal Account Clerk	1,577	
Management Assistant	<u>1,577</u>	
Total Adjustment Decrease		<u>3,154</u>
New Capital Outlay Requirement		\$15,801
No Adjustment for FY 1982-83		

ADJUSTMENT NO. 5

Reserve Recalculated After Changes in mill assessment adjustment and expenditure adjustments:

	<u>1981-82</u>	<u>1982-83</u>
Beginning Reserve	\$590,328	\$284,896
New Reserve Per Sch B-2	<u>520,141</u>	<u>326,697</u>
Adjustment Decrease	70,187	
Adjustment Increase		\$ 41,801

ADJUSTMENT NO. 6

Salary - Payroll FY 1981-82

Secretary - Admin. Officer 23,168  
 AB 58 would have created a new agency. This would require a duplicate position to the Commission Secretary, Manager of Administrative Services

This adjustment restores the proper salary to the position

Adjustment Decrease 23,168

For FY 1982-83 The adjustment Decrease \$24,271

(See Sch. A-30F6 Manger of Adminstrative Services Under new Positions. This position will be restored as Secretary Manager Administrative Services)

ADJUSTMENT NO. 7

Salary - Payroll FY 1981-82

Ass't Commission Secretary  
 Due to reorganization Under AB-58,  
 it was anticipated to reassign certain  
 individuals that have a lower salary  
 requirement.

This adjustment restores the salary to amounts  
 before reorganization

Adjustment Decrease	18,864
Adjustment Increase	19,251

ADJUSTMENT NO. 8

Salary - Payroll FY 1981-82

New Position - Mangement Ass't I this position will not be needed if there is no reorganization	10,338
Salary Adjustment FY 1982-83	10,797

ADJUSTMENT NO. 9

Salary - Payroll FY 1981-82

New Position - Principal Account Clerk this position is counterpart to Sr. Accountant for fiscal record keeping. This position is not needed if there is no reorganization	11,764
Salary Adjustment for FY 1982-83	12,284

ADJUSTMENT NO. 10

Salary - Payroll FY 1981-82

New Position - Management Assistant III This position was to provide word processing in the new agency under AB-58. The position is not needed if there is no reorganization	12,284
Salary Adjustment for FY 1982-83	12,342

ADJUSTMENT NO. 11

	<u>FY 1981-82</u>	<u>FY 1982-83</u>
Industrial Insurance	2.00%	2.25%
Retirement	8.00%	8.00%
Personnel Assess	.18%	.18%
Group Insurance	3.43%	3.73%
Payroll Assess CLA	.23%	.23%
Retirement Group Ins	.12%	.12%
Unemployment Comp.	.42%	.42%
Salary Adj. Res. Non-g.f.	8.47%	13.63%

The above percentages were calculated by dividing the amount for each item "Before adjustment" by the total salaries amount (not including the payroll costs) The above percentages were then applied to the adjusted salary amount. The "Adjustment decreases amount" is the difference between the "before" and "after" adjustment amounts.

ADJUSTMENT NO. 12

Regulatory Assessments

The mill assessment for 1981-82 was adjusted to 3.25 mills. The budget prepared under AB-58 requested 1 mill for PSC and 2.5 mills for DUTCR for a combined assessment of 3.5 mills for FY 1981-82. By having just one agency instead of two agencies, the mill assessment will be 3.25 mills.

For FY 1982-83 the mill assessment has been calculated to be 3.5 mills. (Same as combined PSC and DUTCR)

Assessment for FY 1981-82 @ 3.50 mills =	\$2,470,360
Assessment <u>Revised</u> for FY 1981-83 @ 3.25 mills =	<u>2,293,906</u>
Adjustment Decrease	\$ 176,454

ADJUSTMENT NO. 13

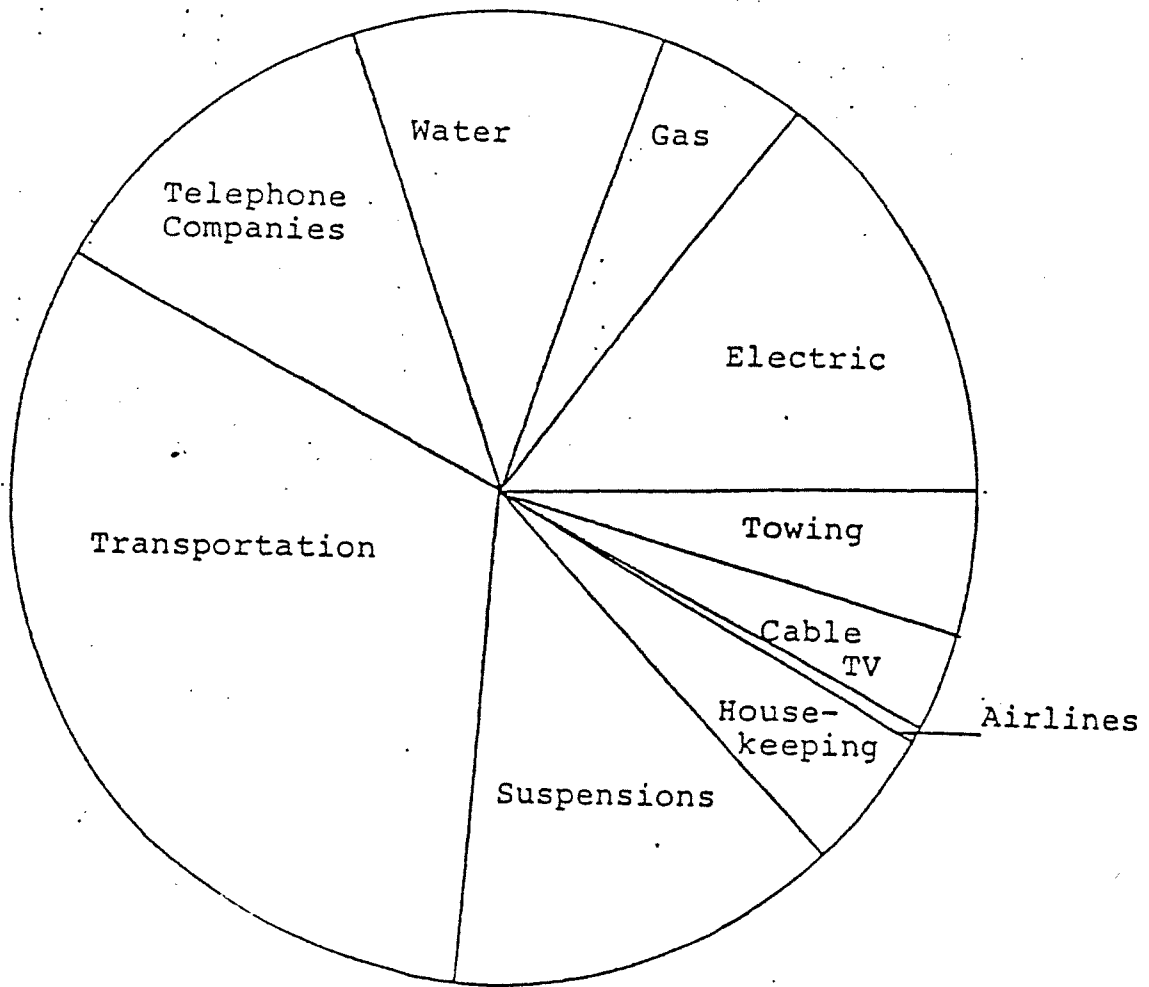
Balance Brought Forward From Old Year

Fy 1982-83 Amount brought forward	\$ 590,328
Schedule B-2 Reserve Carried foward from FY 1981-82 to FY 1982-83 =	<u>520,141</u>
Adjustment Decrease (FY 1981-83)	\$ 70,187

CATEGORIZED BREAKDOWN ON  
PSCN AGENDA ITEMS 1980

	<u>Total Category</u>	<u>Rates/ Tariffs</u>	<u>Complaints</u>	<u>Certificates</u>
Electric	171	77	52	42
Gas	57	30	4	23
Water/Sewer	123	43	15	65
Telephone Cos.	139	110	13	16
- Nevada Bell	62	48	7	7
- Others	77	62	6	9
Transportation	373	110	7	256
Towing	55	5	3	47
Cable TV	37	7	2	28
Airlines	3	0	1	2
Housekeeping	55			
Suspensions	162			
TOTALS	1175	382	97	479

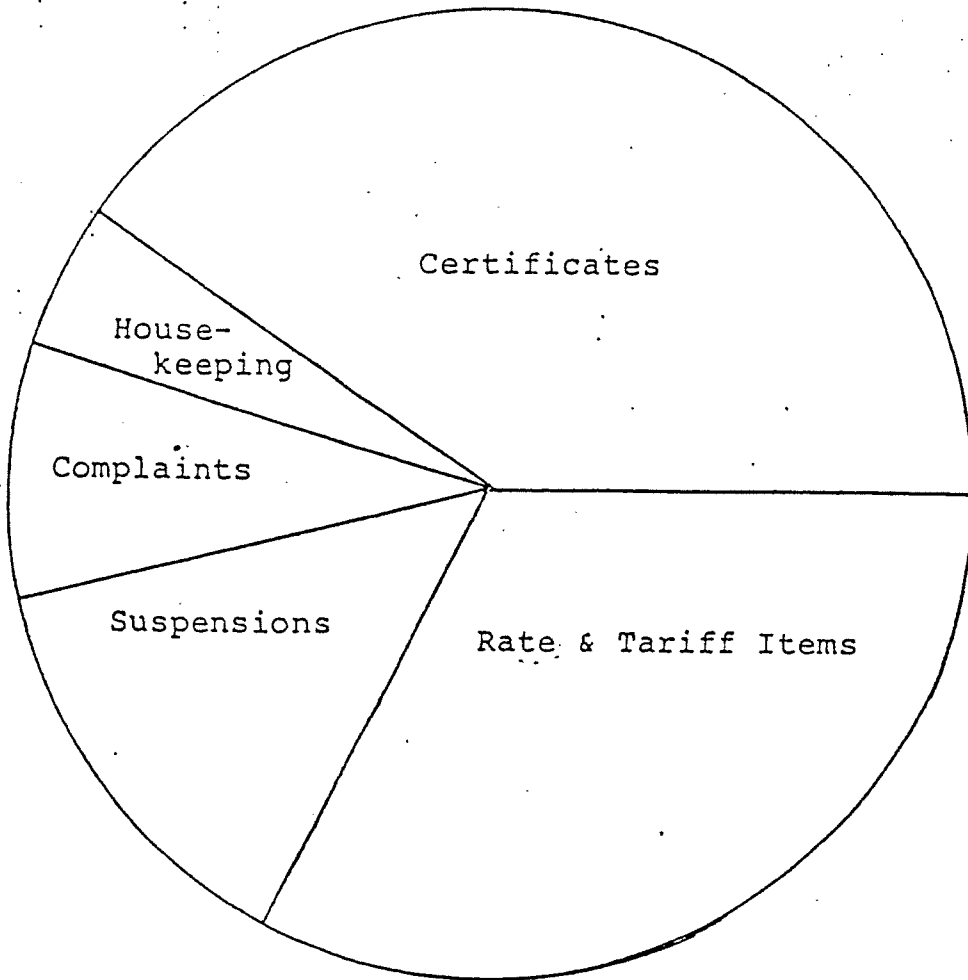
\*Includes Stock & Debt Issues



PSCN AGENDA ITEMS ANALYSIS BY INDUSTRY REGULATED

	<u>%</u>
Electric	14.6
Gas	4.9
Water	10.5
Telephone Companies	11.8
-Nevada Bell	5.3
-Other	6.6
Transportation	31.7
Towing	4.7
Cable TV	3.1
Airlines	.3
Housekeeping	4.7
Suspensions	13.8





PSCN AGENDA ITEM ANALYSIS OF ACTION TAKEN

Total Rate & Tariff Items	=	382
% Rate & Tariff Items	=	32.5
Total Complaints	=	97
% Total Complaints	=	8.3
Total Certificates	=	479
% Total Certificates	=	40.8
% Housekeeping of Total	=	4.7
% Suspensions of Total	=	13.8

Competitive filing proposed amendment:

The agency shall have no responsibility nor shall it intervene in the filing of tariffs by telephone public utilities for products or services for which the utility certifies in such filing that such product or services is subject to competition.

Due process proposed amendment:

"All reports, recommendations and petitions made by the agency in accordance with any provisions of this Title shall be in writing and served on the public utility involved therewith at least 30 days before the commission may act thereon. Such utility shall have the opportunity to respond in writing within 10 days of service and appear before the commission in opposition thereto."

Appeal process proposed amendment:

"Any party in interest being dissatisfied with a commission order may within 30 days commence an action in the district court of the proper county against the commission to vacate and set aside the order on the ground that the order is unlawful or unreasonable. The complainant shall serve all parties of record in the commission proceeding."

"The commission and any party of record who desires to participate in the action shall file their answers to the complaint within 20 days after its service."

"Within 10 days of the filing of the commission answer, the complainant shall request the commission to certify the record in the proceeding under review to the court in which the review is taken. Within 10 days of the complainant's request, the commission shall certify its record to the reviewing court."

"Once the commission has certified the record, the action is at issue and may be heard upon 20 days notice. The review shall be conducted by the court without a jury and shall be confined to the record as certified by the commission."