

**MINUTES OF THE SUBCOMMITTEE OF THE  
SENATE COMMITTEE ON COMMERCE AND LABOR**

**Seventy-third Session  
March 4, 2005**

The subcommittee of the Senate Committee on Commerce and Labor was called to order by Chair Warren B. Hardy II, at 8:06 a.m. on Friday, March 4, 2005, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4406, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Warren B. Hardy II, Chair  
Senator Randolph J. Townsend  
Senator Sandra Tiffany

**STAFF MEMBERS PRESENT:**

Kevin Powers, Committee Counsel  
Scott Young, Committee Policy Analyst  
Jeanine Wittenberg, Committee Secretary  
Jane Tetherton, Committee Secretary

**OTHERS PRESENT:**

Michael J. Willden, Director, Department of Human Resources  
Gary Stagliano, Deputy Administrator, Program and Field Operations, Welfare Division, Department of Human Resources  
Art Thurner, Housing Division, Department of Business and Industry  
Judy Stokey, Sierra Pacific Resources  
Joe L. Johnson, Toiyabe Chapter Sierra Club  
Cloyd Phillips, Executive Director, Community Services Agency Development Corporation  
Samuel P. McMullen, Community Services Agency Development Corporation  
Richard Burdette, Director, Nevada State Office of Energy, Office of the Governor  
Lisa Foster, Deputy Chief of Staff, Office of the Governor  
Jon L. Sasser, Washoe Legal Services

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Rebecca Wagner, Public Information Officer, Public Utilities Commission of Nevada

CHAIR HARDY:

This meeting is on energy assistance bill Senate Bill (S.B.) 123. I ask that Senator Townsend outline the issues based on previous discussions we have had in full Committee. We will then listen to testimony and work through the issues.

**SENATE BILL 123**: Revises provisions governing energy assistance.  
(BDR 58-238)

SENATOR TOWNSEND:

Senate Bill 123 addresses the need of the Welfare Division for additional administrative costs and flexibility in transferring funds between the Welfare and Housing Divisions. Both of these Divisions deal with certain issues for certain populations that relate to weatherization and conservation. There is, however, a group of people that do not qualify for low-income assistance and may live in a dwelling that is in need of weatherization but cannot afford it. We need to concentrate on the concepts and the programs to determine what will work.

SENATOR TIFFANY:

There are a number of programs already available to help people in need of energy assistance. Maybe we need to look at other solutions.

CHAIR HARDY:

Weatherization does make sense, but we need clarification on fund transfers between the Welfare and Housing Divisions.

SENATOR TOWNSEND:

Mr. Willden from the Department of Human Resources and Mr. Phillips from the Community Services Agency have issues for discussion that they have not had an opportunity to address with regard to S.B. 123.

MICHAEL J. WILLDEN (Director, Department of Human Resources):

Even though we receive additional energy assistance funding from the federal government, we always run out of funds. That is why we believe this bill is important.

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We want to get assistance to clients in a timely manner. There are clients that receive very high energy funds because their energy burden is much higher than the 3-percent allowance. In some cases they receive up to \$4,000 per year. The formula we use to determine eligibility needs to be reviewed. If we put a limit on the amount of energy assistance a client receives, that might be an incentive for them to conserve energy. Seniors need to have a minimum dollar amount for assistance because they are on fixed incomes.

SENATOR TIFFANY:

I understand that there are approximately 11 or 12 staff members in northern Nevada and 15 or 16 members in southern Nevada that already handle clients with energy-assistance issues. Why is the Welfare Division asking for more funding for administrative costs?

MR. WILLDEN:

We have 5 internal staff members and contract with 11 additional personnel. There has been a 42-percent increase in applications for energy assistance so far this year, compared to the first 6 months of last year. A Welfare employee processes approximately 60 cases a week and there is currently a 5,000 to 6,000 case backlog

SENATOR TIFFANY:

Why does it take so long to process a case?

MR. WILLDEN:

Sixty cases a week is a very high volume.

SENATOR TIFFANY:

I understand that but to process the paperwork for energy assistance is only one process.

GARY STAGLIANO (Deputy Administrator, Program and Field Operations, Welfare Division, Department of Human Resources):

The eligibility process is not simple. There is a lot of information we need to gather from a client to determine eligibility.

SENATOR TIFFANY:

You might want to rethink the eligibility process.

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CHAIR HARDY:

Mr. Stagliano, can you look at the process of determining eligibility for energy assistance?

MR. STAGLIANO:

We can look at the process and provide that information if you need it, however, I can assure you that staff is working hard to determine eligibility in a timely manner.

CHAIR HARDY:

If the process is causing a backlog in getting energy assistance, it should be evaluated. I am not implying anything, but sometimes things can be overlooked.

MR. WILLDEN:

We could go to a declaration system where the client signs a declaration under penalty of perjury that might create a faster eligibility process, but the standards for the requirements may be compromised.

CHAIR HARDY:

Mr. Willden, you indicated that you would like to have a hearing to reduce the maximum paid out in energy assistance to each household, from \$4,000 to \$2,500, and to get assistance to the most needy clients first. How would that process be accomplished?

MR. WILLDEN:

My definition of a needy client would be someone who has had or has been threatened to have their power turned off. We do have access to those types of situations and deal with them on a timely basis. A needy client can also be identified through pre-verification.

SENATOR TOWNSEND:

Are you able to identify and prioritize individuals that are affected by energy problems due to weather or economic reasons, such as seniors? According to S.B. 123, the Department of Human Resources is asking for 7 percent of the 75 percent for administrative costs. Is that 7 percent of the 75 percent part of the total money in the fund for energy assistance and conservation?

MR. WILLDEN:

Yes.

SENATOR TOWNSEND:

If the Committee recommends a larger portion of funds to be distributed, for example, to the Housing Division where weatherization could be installed, would the Welfare Division still need the full 7 percent? The client receiving the weatherization may not have a need to contact Welfare for assistance if they are now using less energy.

MR. WILLDEN:

We need to evaluate the volume of cases that are in need of assistance and determine the amount of staffing needed to process those cases. Adjustments in the percentage can be made taking into consideration the Low Income Energy Housing Assistance (LIEHA) program which allows 10 percent for administrative costs and the Universal Energy Charge (UEC). We could then calculate the cost difference needed to adequately serve our clients. Those numbers can be provided to the Committee, and depending on how the funds are split between the agencies, we can adjust the administrative costs accordingly.

SENATOR TOWNSEND:

In S.B. 123 the Housing Division receives 25 percent of the funds. Is the Housing Division able to effectively address the weatherization problems with the funds allowed?

ART THURNER (Housing Division, Department of Business and Industry):

The Housing Division has been effective in using the funds for weatherization. Our sub-grantees have improved their services; however, we do have a budget request for one additional sub-grantee, which will help expedite the process.

SENATOR TOWNSEND:

There is another proposal up for discussion today that deals with weatherization and ties in with these issues.

CHAIR HARDY:

Are the administrative costs for the Welfare Division different from those of the Housing Division?

MR. WILLDEN:

The Welfare Division has a large volume of cases that need to be processed in a timely manner. The issue is the staffing needed to accomplish this.

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CHAIR HARDY:

Is the client already prequalified when they get to the point of whether or not they need energy assistance?

MR. WILLDEN:

The client is not necessarily prequalified. A calculation of the client's income based on the amount of energy they use is taken into consideration.

CHAIR HARDY:

Do you receive referrals from any other low-income programs?

MR. WILLDEN:

Yes; however, we still have to take the time to gather information to determine if the client is eligible for assistance.

SENATOR TOWNSEND:

Mr. Thurner, can you explain the chart under the heading, Mobile Homes Statewide ([Exhibit C](#)) in the Housing Division's Weatherization Assistance Program?

MR. THURNER:

The dollar amounts shown are the savings in energy based on an annual basis. The yearly savings is projected for roughly 15 years on average.

SENATOR TOWNSEND:

In your chart, it shows the average cost for weatherization of a mobile home is \$3,000 and the average savings per year would be approximately \$350. Is the \$3,000 for total weatherization of the unit? Can the savings per year be increased?

MR. THURNER:

Yes, that is correct. The \$3,000 is the average cost so far this year. The savings will increase if our sub-grantees consistently use more efficient procedures and products.

CHAIR HARDY:

Is the mobile home completely weatherized by spending the whole \$3,000?

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MR. THURNER:  
Yes.

SENATOR TOWNSEND:  
If more money was spent in weatherization, would there be better savings in energy costs?

MR. THURNER:  
Enhancements in weatherization would generate more savings in the long run.

SENATOR TIFFANY:  
What are the percentages of mobile homes, single-family and multi-family dwellings you deal with?

MR. THURNER:  
On average in 2004, we weatherized more mobile homes than any other type of dwelling.

SENATOR TIFFANY:  
How old are these mobile homes?

MR. THURNER:  
The majority we deal with are 20 years or older.

SENATOR TIFFANY:  
In terms of weatherization, do you purchase refrigerators for energy efficiency?

MR. THURNER:  
Yes.

CHAIR HARDY:  
What is the process for weatherization and how do you prioritize it?

MR. THURNER:  
We look at the savings-to-investment ratio. Each home is evaluated individually to determine which type of weatherization will save the most energy.

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SENATOR TOWNSEND:

How do you determine the life of a mobile home as opposed to how long weatherization should continue to achieve cost efficiency?

MR. THURNER:

This is actually an engineering standard. The sub-grantees make those decisions.

SENATOR TOWNSEND:

Who are the sub-grantees?

MR. THURNER:

We contract with several different agencies.

SENATOR TOWNSEND:

Does the sub-grantee determine the order in which a dwelling should be weatherized?

MR. THURNER:

No, the Housing Division determines the order but the sub-grantee actually does the improvements to the property.

SENATOR TOWNSEND:

We need to address the longevity of mobile homes to determine whether or not it is worth the weatherization effort.

CHAIR HARDY:

What about other factors that might contribute to the life of a dwelling, such as mold? With \$3,000 you could subsidize rent on a new dwelling.

SENATOR TOWNSEND:

Would the local government refund any monies paid for weatherization if the dwelling was condemned?

MR. THURNER:

Not that I am aware of.

CHAIR HARDY:

I think this may require further review.



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SENATOR TIFFANY:

What is the difference between the weatherization program the Housing Division administers and that of the utility companies?

Mr. Thurner:

I am not aware of all the power company weatherization programs. The Housing Division and the utility companies do work together on the Demand-Side Management (DSM) program in monitoring energy usage.

SENATOR TIFFANY:

Specifically, how does the Housing Division work with the utility company?

MR. THURNER:

The Housing Division works with the utility companies on out-reach programs.

SENATOR TIFFANY:

Are you saying that Nevada Power Company only does out-reach programs?

MR. THURNER:

Not that I am aware of.

SENATOR TOWNSEND:

If a dwelling is weatherized by the Housing Division, can a client still receive assistance if they meet the eligibility requirement?

MR. WILLDEN:

Yes, as long as the client is still eligible, but their amount of assistance may be less.

SENATOR TOWNSEND:

What percentage would a person save on an energy bill by using common sense and turning the lights out when not in use?

JUDY STOKEY (Sierra Pacific Resources):

Our outreach programs provide energy conservation information as well as give rebates for customers that conserve energy.

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SENATOR TOWNSEND:

Are most of the people you deal with in the outreach programs not low-income individuals?

MS. STOKEY:

Most of them, but it does depend on who responds to the literature.

JOE L. JOHNSON (Toiyabe Chapter Sierra Club):

There are three components that make up a utility bill. The way a customer uses energy, the age of the customer and the physical condition of the dwelling.

CLOYD PHILLIPS (Executive Director, Community Services Agency Development Corporation):

We deal with people who do not qualify for low-income energy assistance and also small businesses. The customer goes through an application process to see if they qualify for weatherization. An audit assessment is also performed to determine if weatherization would be cost-effective ([Exhibit D](#)).

CHAIR HARDY:

Can you address weatherization problems with mobile homes?

MR. PHILLIPS:

Yes.

SENATOR TIFFANY:

What would it cost once your evaluation is complete on an old versus new unit?

MR. PHILLIPS:

An assessment is performed; then we compare the amount of money it would take to either fix or replace the unit. We try to develop partnerships with other weatherization programs to pool our resources.

CHAIR HARDY:

How much weatherization could be done with \$3,000?

MR. PHILLIPS:

It depends on the condition of the mobile home. The funds from all agencies involved with weatherization also need to be taken into consideration.

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CHAIR HARDY:

What are your administrative costs?

MR. PHILLIPS:

Our administrative costs are approximately 10 to 15 percent.

SENATOR TIFFANY:

Are your audits performed by multiple agencies? How many employees work for you in the weatherization program?

MR. PHILLIPS:

Yes, audits are done by multiple agencies, and I contract with several agencies to get weatherization installed.

SENATOR TIFFANY:

Do you make the policy decisions?

MR. PHILLIPS:

We are only working with one contractor at this time, and our corporation sets the time frames for job completion.

SENATOR TIFFANY:

Who is your contractor?

MR. PHILLIPS:

I contract with another community action agency in Butte, California. I am the general contractor and I work with subcontractors.

SAMUEL P. McMULLEN (Community Services Agency Development Corporation):

The education and training that Mr. Phillips referred to involves being able to build the resources needed for weatherization and to offer jobs to people locally to install it.

SENATOR TOWNSEND:

It was testified that you are a contractor, Mr. Phillips, for the Housing Division. What are your responsibilities?

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MR. PHILLIPS:

The Housing Division provides our corporation with funds for training and technical support. Dwellings are assigned to the corporation to be weatherized and we follow their policies in the installation process.

SENATOR TOWNSEND:

Why is your proposal different from what the corporation is already doing?

MR. PHILLIPS:

This is a separate proposal from what we do with the Housing Division. Our corporation works with people who do not qualify for low-income energy assistance. We also work with small businesses in energy conservation.

SENATOR TOWNSEND:

Are you working with people who do not qualify for low-income energy assistance, but are living in a dwelling that needs weatherization? How much funding would actually go towards weatherization as opposed to training and education?

MR. PHILLIPS:

Yes, we call them the working poor.

First, we assess individuals to see if they have experience in weatherization procedures. If they are not qualified, we will train them. The corporation would also like to work with financial institutions to provide low-interest-rate loans to people who qualify for the weatherization program.

SENATOR TOWNSEND:

Is your corporation looking at the possibility of a block grant through the Nevada State Office of Energy?

MR. PHILLIPS:

Yes.

SENATOR TOWNSEND:

What priority do you give to weatherizing a unit?

MR. PHILLIPS:

That is our main priority.

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SENATOR TOWNSEND:

Senate Bill 123 either gives energy assistance to people in need through the Welfare Division or installation of weatherization products by the Housing Division.

MR. McMULLEN:

What the corporation is trying to do is put a pilot program together where the expertise and experience of Mr. Phillips can be utilized by others to achieve weatherization conservation.

SENATOR TOWNSEND:

A pilot program is usually a time situation where funds are in the form of a grant, not on a continuing basis. Are you saying there should be a grant set up where agencies such as yours can compete?

MR. PHILLIPS:

That is up to you, Senator.

SENATOR TOWNSEND:

The Committee is just trying to understand the issue.

SENATOR TIFFANY:

The Committee needs to know how much money is needed and the number of units involved in the program. How do we draft a bill to handle this?

MR. PHILLIPS:

I understand.

RICHARD BURDETTE (Director, Nevada State Office of Energy, Office of the Governor):

Typically, the Office of Energy has not been given a role of helping people in the sense that the Welfare and Housing Divisions are designed to do. The DSM program was designed to minimize the cost of electricity or natural gas to the utility customers, not necessarily to help with energy assistance issues. The investments we make in weatherization through the Housing Division and the money that we spend to deal with current expenses by the Welfare Division are not the same issues with which the utility companies deal.

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CHAIR HARDY:

It may be a matter of how the program is set up.

MR. BURDETTE:

I agree. A group of advocates including the Office of Energy attended a summit addressing how to best manage the energy funds.

SENATOR TOWNSEND:

What percentage of the money would go towards administrative costs if the Committee decided to do this in a block grant proposal to the Office of Energy?

MR. BURDETTE:

Maybe a small percentage, I am not sure. A contractor may be hired on a one-time-only basis and we would rely heavily on the utility companies, Welfare and Housing Divisions, and consumer advocates.

SENATOR TOWNSEND:

I would like the utility companies to give us their thoughts on these issues.

SENATOR TIFFANY:

How many staff members are there in the Office of Energy?

MR. BURDETTE:

We currently have five staff members.

SENATOR TIFFANY:

Why would they want to hire another employee if it is already their responsibility to provide grants?

MR. BURDETTE:

It is their responsibility, and the current staff is already handling grant programs internally.

MR. McMULLEN:

I just want to make sure you received the e-mail copy dealing with our Expense in Operating Budget included in [Exhibit D](#)?

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CHAIR HARDY:

Yes, we received it. If more details were provided in Mr. Phillip's proposal we would be open for further discussion. We need a better understanding and breakdown of the proposal.

MR. PHILLIPS:

We can provide that.

SENATOR TOWNSEND:

A Committee presentation on the standards of mobile homes in relation to energy usage and longevity of the unit would be helpful.

LISA FOSTER (Deputy Chief of Staff, Office of the Governor):

This is the first time the Office of the Governor has heard of this proposal and our office would like to see the language before we take a position.

The Governor's office was approached about a position within our office to administer the UEC, and if we do need to add an administrative position, we would need to review the costs associated with it.

CHAIR HARDY:

Excuse me, Ms. Foster, I want to make sure Mr. McMullen understands the Office of the Governor would be interested in being briefed on the proposed program. "Let the record reflect that Mr. McMullen understands."

MR. JOHNSON:

For the record: "Our concern is that there is a great need for weatherization for low-income families, and we do not perceive that there is going to be an excess of funds over the next biennium in the UEC to have additional programs."

SENATOR TOWNSEND:

Mr. Johnson, are you aware of the fact that money has been sitting in the Welfare Division fund?

MR. JOHNSON:

Yes. We are active in ways to get the money out to clients who need it. Due to a backlog in cases, the application process is behind.

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SENATOR TOWNSEND:

An ideal situation would be an individual not needing the welfare energy assistance. Weatherizing may help in that situation.

MR. JOHNSON:

I agree, and I would like to say for the record, "There is a shortage of funds for weatherization and the source for funding should be somewhere else than the assistance program."

SENATOR TOWNSEND:

Maybe the process is just not working. The Committee wants to work with all agencies involved.

MR. JOHNSON:

We will work with the Committee on weatherization issues.

JON L. SASSER (Washoe Legal Services):

I am here on behalf of Ernest K. Nielsen from the Washoe County Senior Law Project. Mr. Nielsen submitted a document to the Committee on March 2, 2005, but was unable to testify at that time. He also prepared a response to comments that arose in that same hearing ([Exhibit E](#)). There is a significant need in the Welfare Division for the energy assistance program. Our position is that there is no justification for transferring funds from the Welfare Division because there are still 150,000 households in Nevada whose incomes are below the 150 percent poverty level.

SENATOR TOWNSEND:

The Committee keeps hearing the 150,000 figure. That is the total number of eligible households, not the number of households Welfare is actually serving.

MR. SASSER:

This is correct. The Welfare Division is currently serving 17,000 clients with regard to energy assistance, but my point is we are just scratching the surface of households in need. Applications for assistance are up 42 percent, and there are approximately 6,000 pending cases. Since the start of Fiscal Year (FY) 2005, the program is spending \$1 for every 75 cents they take in. The Welfare Division is estimated to spend approximately \$2 million in surplus by July 1, 2005, and another \$4 or \$5 million by the end of the current FY. By the end of FY 2006 or 2007, the surplus will be gone, and there will be a deficit.



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CHAIR HARDY:

It is a worthwhile program and the funds are there. We just want to make sure the money is spent appropriately.

MR. SASSER:

For the record:

There seems to be a perception that welfare client's utilities do not get turned off for lack of payment. According to Mr. Nielsen's figure from the Public Utilities Commission of Nevada (PUCN), docket number 01-3015, under the Consumer Bill of Rights for FY 2004, there were approximately 45,000 disconnects in the State of Nevada. People do in fact get disconnected.

SENATOR TOWNSEND:

Are those disconnections due to lack of payment? What percentage of those people qualify under the 150-percent of poverty level?

MR. SASSER:

Yes. I do not know what percentage falls into that group.

REBECCA WAGNER (Public Information Officer, Public Utilities Commission of Nevada):

I can not verify that number as being accurate. Our company will review the docket and the testimony that has been provided and verify that number for the Committee.

SENATOR TOWNSEND:

The utility company is required to provide the PUCN information on disconnects. I want to make it clear that the number of 40,000 was possibly put into a docket because someone testified to it. It does not mean it was an audited figure by the PUCN.

MS. WAGNER:

I agree.

MR. SASSER:

That information was put into [Exhibit E](#) just to make a point that there is a problem. I do not know how many of the disconnects fall under the 150 percent poverty level, but if 90 percent of the households who qualify for the program

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are not receiving it, my guess would be there is still a need for assistance. The Welfare Division does make an effort to work with the utility companies when a client comes to them with a shut-off notice. Due to increases in energy costs and seniors' needs, this is not a giveaway program. We are in support of the program from the side of conservation.

CHAIR HARDY:

Are there any other questions on S.B. 123? The Committee will take the issues and discussions under consideration. The meeting is adjourned at 10:12 a.m.

RESPECTFULLY SUBMITTED:

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Jane Tetherton,  
Committee Secretary

APPROVED BY:

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Senator Warren B. Hardy II, Chair

DATE: \_\_\_\_\_