

**MINUTES OF THE MEETING
OF THE
LEGISLATIVE COMMISSION'S**

UTILITY OVERSIGHT COMMITTEE

June 4, 1998

Carson City, Nevada

The third meeting of the Legislative Commission's Utility Oversight Committee during the 1997-1998 interim was held on Thursday, June 4, 1998, commencing at 8 a.m. The meeting was held in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada, and video conferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Pages 2 and 3 contain the "Meeting Notice and Agenda" for this meeting.

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator Randolph J. Townsend, Chairman

Senator Joseph M. Neal Jr.

Senator Ann O'Connell

Assemblyman Mark E. Amodei

Assemblyman Joseph E. Dini, Jr.

COMMITTEE MEMBERS ABSENT:

Assemblyman Douglas A. Bache, Vice Chairman

OTHER LEGISLATOR PRESENT:

Assemblyman Tom Collins

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Scott Young, Principal Research Analyst

M. Scott McKenna, Deputy Legislative Counsel

Linda Chandler Law, Senior Research Secretary

All place names used in these minutes are in Nevada unless otherwise noted.

MEETING NOTICE AND AGENDA

Name of Organization: Legislative Commission's Utility Oversight Committee

Date and Time of Meeting: Thursday, June 4, 1998

8 a.m.

Place of Meeting: Legislative Building

Room 4100

401 South Carson Street

Carson City, Nevada

Note: Some members of the committee may be attending the meeting, and other persons may observe the meeting and provide testimony, through a simultaneous video conference conducted at the following location:

Grant Sawyer State Office Building

Room 4412

555 East Washington Avenue

Las Vegas, Nevada

A G E N D A

I. Opening Remarks and Introductions by the Chairman

Senator Randolph J. Townsend

*II. Approval of the Minutes of the Meetings Held November 17, 1997, and March 31, 1998

III. Update on Electric Industry Restructuring

Presentation by Legislative Counsel Bureau Staff

IV. Overview of Developments Relative to the Public Utilities Commission of Nevada's (PUCN) Docket No. 97-8001

Presentation by PUCN Staff

22. Review of Restructuring Developments

Presentation by Frederick Schmidt, Consumer's Advocate, Bureau of Consumer Protection, Office of the Attorney General

VI. Report on the Tax Implications of Competition in Utility Industries by the Department of Taxation

Presentation by Michael A. Pitlock, Executive Director

VII. Update on Proposed Merger

Presentation by Representatives of Nevada Power Company and Sierra Pacific Power Company

VIII. Public Comment

*IX. Directions to Staff

X. Adjournment

* Denotes items on which the committee may take action.

Note: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the Research Division of the Legislative Counsel Bureau, in writing, at the Legislative Building, 401 South Carson Street, Carson City, Nevada 89701-4747, or call Linda Chandler Law, at 684-6825, as soon as possible.

Notice of this meeting was posted in the following Carson City, Nevada, locations: Blasdel Building, 209 East Musser Street; Capitol Press Corps, Basement, Capitol Building; Carson City Courthouse, 198 North Carson Street; Legislative Building, Room 1214, 401 South Carson Street; and Nevada State Library, 100 Stewart Street. **Notice of this meeting was FAXED for posting to the following Las Vegas, Nevada, locations:** Grant Sawyer State Office Building, 555 East Washington Avenue, and Clark County Office, 500 South Grand Central Parkway.

OPENING REMARKS AND INTRODUCTIONS BY THE CHAIRMAN

Chairman Townsend called the meeting to order at 8 a.m. and introduced those present.

APPROVAL OF THE MINUTES OF THE MEETINGS

HELD NOVEMBER 17, 1997, AND MARCH 31, 1998

Chairman Townsend called for a motion to approve the minutes of the meetings held November 17 and 19, 1997, and March 31, 1998, in Carson City, Nevada.

SENATOR O'CONNELL MOVED TO APPROVE BOTH THE MINUTES OF THE FIRST MEETING OF THE COMMITTEE, HELD ON NOVEMBER 17, 1997, AND THE SECOND MEETING OF THE COMMITTEE, HELD ON MARCH 31, 1998, IN CARSON CITY, NEVADA.

SENATOR NEAL SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY WITH ALL MEMBERS VOTING IN FAVOR EXCEPT MR. DINI WHO WAS ABSENT FROM THE ROOM

UPDATE ON ELECTRIC INDUSTRY RESTRUCTURING

Scott Young, Principal Research Analyst, submitted a memorandum dated June 4, 1998, titled "Electric Restructuring Update," with attachments. See Exhibit A. The issues contained in the memorandum and discussed by Mr. Young were:

- The status of restructuring in California, which commenced on March 31, 1998;
- Generation divestiture activities undertaken by California's three investor-owned utilities;
- Billing difficulties in initial billings from electric service providers (ESPs);
- The level of customer choice in California;
- Successful market penetration by some providers of "green power";
- Consumer protection issues;
- Examples of new supplier contracts prevalent in the commercial and industrial sectors;
- Ballot initiatives, which propose to amend or repeal of portions restructuring legislation in California and Massachusetts, and the opposition to those initiatives;
- An article that presents observations by the President of the California Public Utilities Commission (CPUC);
and

- An overview of the status of restructuring in states other than California and at the federal level. Thirteen states have legislatively enacted electric restructuring to this point. It does not appear that movement will occur during this congressional session on any of the 13 restructuring bills in Washington, D.C.

Mr. Young noted that:

- Assembly Bill 366 (Chapter 482, *Statutes of Nevada 1997*), the enabling legislation for Nevada's electric restructuring, gave the Public Utilities Commission of Nevada (PUCN) broad discretion to develop methods to protect consumers by maintaining open competition. California's restructuring process was somewhat different and less detailed in that regard.
- Iowa has not restructured its electric industry legislatively; however, it has altered its tax structure in anticipation of restructuring. That state adopted an excise tax on kilowatt hours (kWh) of electricity and therms of natural gas sold and on pole miles of electric transmission lines in lieu of the central assessment of assets (a property tax approach) that was used previously.

OVERVIEW OF DEVELOPMENTS RELATIVE TO
THE PUBLIC UTILITIES COMMISSION OF NEVADA'S (PUCN)
DOCKET NO. 97-8001

Judy M. Sheldrew

Judy M. Sheldrew, Chairman, PUCN, introduced Kathy M. Kollar, Consumer Outreach Coordinator for PUCN; and Commissioners Timothy Hay and Lucy Stewart, who were present in the audience in Carson City and Las Vegas, respectively. She submitted a packet of materials containing the PUCN's third quarterly report on restructuring, which includes a letter, dated May 26, 1998, with supporting documents, addressed to Lorne J. Malkiewich, Director of the Legislative Counsel Bureau. See Exhibit B.

Referring to issues set forth in the report, Commissioner Sheldrew discussed:

- "Whether there is effective competition for each potentially competitive service" — The workshops held to determine which electric services are potentially competitive, to develop consumer protection measures and licensing requirements for alternative sellers, and to formulate a nondiscriminatory open-access tariff for the provisions of distribution services resulted in the conclusions presented in Procedural Order Number Three, which is included.

Particularly, she explained that the following services have been deemed by the PUCN to be potentially competitive in addition to aggregation and generation, which were presumed to be potentially competitive in A.B. 366: (1) billing; (2) customer services; and (3) metering. Because of various factors, demand-side management and line-extension services are not deemed potentially competitive at this time.

Further, in her view, the construction and passage of A.B. 366 showed "legislative foresight" and gave the PUCN more of an opportunity to be successful in opening markets to all classes of customers while avoiding the disappointments experienced in some other states.

On June 4, 1998, a new rule regarding the nondiscriminatory open-access tariff for distribution services will be issued by the PUCN and will provide guidance to the alternative sellers and distribution companies regarding the requirements that should be included in the tariff. The PUCN will direct the distribution companies to establish a tariff and enter into service agreements with alternative sellers that will clearly delineate the responsibilities of both entities.

- "The compatibility of direct access for retail customers to alternative sellers with environmental goals" — No additional information on this issue is included in this report.

- "The effects of direct access for retail customers to alternative sellers on each class of customers, compared to the noncompetitive regulatory structure" — This issue is addressed later in these minutes in the testimony of Ms. Kollar.
- "The opportunities to cooperate, formally or informally, with other states or the Federal Government in the implementation of effective competition" — Lengthy discussions with the Federal Energy Regulatory Commission (FERC) are anticipated to continue to clarify which issues will come under federal jurisdiction and which also will affect restructuring in Nevada. To date, FERC staff has been "extremely" cooperative and sensitive to the issues of state commissions, especially states such as Nevada that are attempting to bring together both retail and wholesale competition concurrently. In FERC Order 888 (issued in 1997), that agency indicated it will give deference to state commissions, provided they follow the guidance contained in FERC's seven-part test, relative to distribution and transmission services.
- "Additional legislation necessary to achieve the goals of the electric restructuring sections of Chapter 482, *Statutes of Nevada*" — No additional information on this topic is included in this report.

Answering questions from the panel, Ms. Sheldrew explained:

- The regulatory methods to be applied to services deemed to be potentially competitive will be less intensive than regulation currently used for monopolies, but supervision will not be entirely removed until the PUCN determines effective competition has developed.
- The criteria for measuring whether effective competition has been achieved were provided in A.B. 366.
- The FERC included a seven-part test in its Order 888 in an effort to provide open-access to the wholesale transmission system. That order stipulates, in part, that if rates are unbundled to provide retail access, FERC then has jurisdiction over the transmission portion of those rates because of the link to wholesale commerce. The seven-part test includes assessments of such issues as whether the line is radial or networked, if power flows into it and not out of it, and so forth.
- After a state commission makes such a determination, assuming no party disagrees with it, FERC has jurisdiction over transmission (as it does now in a bundled environment) and the responsibility to review all wholesale, open-access tariffs filed by each utility company to ensure that all wholesale sellers have access to transmission lines at the same cost that a utility charges itself. In an unbundled environment, a state goes through the same process for retail distribution and the tariffs related to that segment of the industry.

Ms. Sheldrew explained that once the PUCN, using the FERC criteria, determines tariffs and rates applicable to distribution charges for a Nevada utility, the utility company applies to FERC for acceptance or approval of that rate structure and the facilities included in the company's open-access tariff. If FERC does not approve, then a process of resolution proceeds among FERC, the PUCN, and the affected utility to ensure that a clear "record of responsibility" and a consistent designation of intra- versus interstate facilities are agreed upon.

Kathy M. Kollar

Ms. Kollar, Consumer Outreach Coordinator for PUCN, updated the members on the progress of the commission's customer education program and provided a copy of the "1998 Public Utilities Commission Advertising Public Relations Campaign Plan, June Quarterly Update," which displays the associated time line for March through June 1998 (see Exhibit C). She explained that, since this committee's last meeting on March 31, 1998, the work with Kruse & Parker has included the preparation of: (1) a creative brief; and (2) a media plan for the consumer outreach portion of the plan.

The toll-free number chosen for consumer inquiries about choice and deregulation is 877-ASK PUCN. If that number proves to be successful, it will be available for other regulatory applications. She submitted a color mockup of the proposed brochure that uses the project's slogan, "Power. The Choice is Yours" and the previously described logo (see Exhibit D). Federal and state approval of the logo and slogan service marks should be received in July 1998. An informational mailing to customers is expected to be included with September 1998 electric billings to the state's two primary electric suppliers, Nevada Power Company (NPC) and Sierra Pacific Power Company (SPPCo).

Regional public meetings are being planned by outreach staff to explain the program and make Nevada's consumers aware of the changes that will occur. On average, 38,000 customers visit SPPCo's offices each month to pay bills (the figure is not available from NPC at this time), and that situation provides an additional opportunity to educate and inform customers directly.

A collaborative process with the staff of the Office of the Attorney General to address consumer complaints has been identified. Public service announcements have been discussed with the media and will become more focused over the next several months. Important customer services will be provided by a 24-hour, automated telephone line (with "real person" options) and a web site on the Internet.

Ms. Kollar explained that the PUCN staff has:

- Received comments that public meetings have been informative;
- Found that consumers are aware of some aspects of restructuring, because of similarities to the deregulation of telecommunications and activities in other states; and
- Tried to ensure Nevada's consumers that restructuring pitfalls will be minimized.

Ms. Sheldrew, responding to questions from the panel, said the PUCN is staying abreast of federal restructuring legislation and the various proposals to repeal the Public Utilities Holding Company Act (PUHCA). The main concern over PUHCA repeal is that it might be passed by itself, rather than being amended or reformed in concert with the passage of other legislation. Presently, PUHCA provides important protections for consumers and for utilities commissions that monitor holding companies. The PUCN is not currently affected by PUHCA because there is no registered holding company in this state. Any attempt to repeal PUHCA by itself, according to sources in Washington, D.C., will not likely go forward during this session of Congress. Repeal of PUHCA would seriously impact the ability of the PUCN to oversee and regulate registered holding companies in Nevada in the event the state's utility companies are purchased by an out-of-state holding company.

Regarding the consumer education marketing plan, Chairman Townsend noted that it will be important to remember that:

- The concepts should be kept clear and the message simple;
- A public "call to action" has been missing;
- The public needs to know specifically when this program will start — the effective date should be more prominently displayed on the brochure (see Exhibit D); and
- The consumer must be the one to "grab" the idea and become personally responsible for making informed decisions regarding utility services.

Ms. Kollar noted that Exhibit D represents a first attempt, and adjustments will be made. Ms. Sheldrew said it can be difficult to excite the public interest and, at the same time, maintain a neutral position. The PUCN must be seen as an accurate and unbiased information source.

Responding to Senator Neal, Ms. Sheldrew explained that:

- Though only 17 states have "made a move" toward restructuring, the deregulation of major industries started many years ago.
- Technological changes, similar to those precipitated by deregulation of the natural gas and telecommunications industries, are likely to follow restructuring of the electric industry.
- There is a need to improve competitiveness in Nevada and nationally.
- Recognizing that California is Nevada's western neighbor and the level of federal interest in this issue, it is best

to prepare this state's customers and markets for an inevitable transition.

- The difficulties experienced in California do not directly transfer to Nevada since the legislation passed in that state is somewhat different from A.B. 366. For instance, licensing requirements for service suppliers are more specific and stringent in Nevada law than in some other jurisdictions, and no guaranteed price reduction was mandated.
- Restructuring the electric industry, both nationally and in Nevada, will be an evolutionary process.

In conclusion, Ms. Sheldrew thanked the commissioners and staff of the PUCN for their efforts to bring about an orderly restructuring, geared to increased competition and innovation, while avoiding increased consumer costs.

REVIEW OF RESTRUCTURING DEVELOPMENTS

No presentation was made by Frederick Schmidt, Consumer's Advocate, Bureau of Consumer Protection, Office of the Attorney General, due to a schedule conflict.

UPDATE ON PROPOSED MERGER

Charles A. Lenzie, Chairman and Chief Executive Officer, and Michael R. Niggli, President and Chief Operating Officer, Nevada Power Company; and Malyn K. Malquist, Chairman, President, and Chief Executive Officer, Sierra Pacific Power Company, submitted a folder containing "The Silver State Merger" program with "Statements of Support," together with biographies, financial data, and press information. See Exhibit E.

Mr. Lenzie said that:

- The headquarters for the holding company, Sierra Pacific Resources (SPR) will be in Reno.
- The electric utility headquarters offices, however, will be in southern Nevada.
- Information on the progress of restructuring the industry and on the merger program has been presented to large customers and various community groups throughout the state.
- The educational process is complex and will continue to take time and effort.

Mr. Niggli, who will become chairman and chief executive officer of SPR as well as chairman of the board of any subsidiaries, and Mr. Malquist, who will become president and chief operating officer of SPR as well as president and chief executive officer of the various subsidiaries, made a joint presentation to the members regarding the proposed merger of NPC and SPPCo. Primary areas of discussion included:

- The goal, which is to work as a management team to develop "best practices" strategies for Nevada;
- The combination of service territories, which will form the fourth largest electric utility company in the West based on kilowatt hours sold. Although still a small company when assessed by total number of customers, the newly formed entity will be more competitive in a deregulated environment;
- The expected benefits to stakeholders, i.e., customers, employees, stockholders, and Nevada;
- How this is "the right merger for Nevada";
- Growth in population, demand, opportunity, and value. In Nevada, sales are growing at a rate of 7 percent per year and customer growth is increasing at a rate of 5 percent, compared with national averages of 2 percent and 1 percent, respectively;
- The financial and demographic benefits of the merger, the ability to increase return on equity while keeping rates stable statewide;

- The benefits of retaining a strong Nevada company, which is prepared to take advantage of and face growing competition;
- How downsizing will be accomplished, primarily through attrition and early retirement options for employees affected by the merger;

(Mr. Niggli noted that Southern California Gas and San Diego Gas Companies already have a combined office and customers in the Las Vegas area.)

- Nevada Power Company is currently the fastest growing utility company in the country, and SPPCo is the fourth fastest growing utility. In this instance, "One plus four still equals one";
- The merger will be a market transaction in which no premium cost will be passed on to the stockholders and stock value will not be diluted;
- The bond rating for both companies is expected to improve and, since each company will retain its own debt load, the merger should result in positive implications for the payment of bonded indebtedness;
- Merrill Lynch Company, in its report on this merger, dubbed the new company "America's new growth utility";
- After the announcement of the merger, the stock for both companies increased in value, contrary to the normal response in which the stock of at least one company suffers;
- The business climate in this state is positive and should continue to supplement the growth of the merged company;
- The merger will benefit customers in Nevada by improving economies of scale and making new technologies more feasible;
- The possible repeal of PUHCA should have no effect on the combined companies;
- About 46 percent of Nevada's power purchases come from qualifying facilities (QFs), hydro power, and other low-cost sources (which could possibly include some power generated from nuclear sources) that are highly competitive. If such power can be purchased more economically than in-state power can be produced, in-state generation is curtailed to the extent deemed financially beneficial, and vice versa, just as any commodity would be handled;
- Combining the companies will result in less dependence on any one customer segment, e.g., gaming or mining, which reduces risk;
- Support for the merger has been expressed by analysts, employees, public policymakers, and rating agencies;
- Merger synergies will help to reduce the operations costs and keep rates stable throughout the state; and
- The maintenance of a high-performance, stable company that continues as an active and contributory member of local communities is a primary objective of this merger.

Mr. Malquist estimated that approval of the merger should take about one year. In answer to questions from the panel, he and Mr. Niggli explained that:

- As stated during 1997 Legislative Session hearings, the gaming industry historically has subsidized residential rates in southern Nevada.
- Improvement in the electrical interconnect between the northern and southern part of the state may happen over time, as it makes economical sense. The soon-to-be-filed three-year integrated resource plan (IRP) for SPPCo includes a provision for the construction of a new transmission line from the Falcon substation (in the Carlin

Trend area) to Gonder (near Ely), which would be a major step in reducing the distance remaining for that interconnect.

- The companies' fiber optic systems may be connected for internal data transfer purposes prior to the interconnection of electric systems.
- Rural electric cooperatives in remote areas are not affected by this merger unless they choose to sell electric power outside their own service area.
- Nevada's residential electric rates average about 6.6 cents per kWh (one of the lowest rates in the region). The rate for Phoenix, Arizona, for instance, is about 9.4 cents; for Los Angeles, California, approximately 9.8 cents; and for San Francisco, California, about 11 cents per kWh.
- One purpose of A.B. 366 was to create competition and, consequently, lower prices.

Responding to questions from the Chairman, the following points were made:

- The July 6, 1998, IRP filing will address the disposition of NPC's above-market QF purchase-power contracts, and the handling of stranded costs associated with NPC's facilities, which are relatively small. Fortunately, Nevada, unlike some other states, has few nuclear related assets to writeoff.
- Market power will also be addressed in that filing. In the unlikely event all customers in northern Nevada choose to buy power from outside the area, the merged company might not be able to import that large an energy load and, therefore, provision would have to be made to do so.
- At a 60 percent "must-run" rate, southern Nevada has a higher number of "load pockets" than anywhere else in the nation. Therefore, additional transmission facilities will be required to increase competitiveness.
- Although the companies do not "fear" the repeal of PUHCA, the merger will help prepare both companies to deal more effectively with a competitive market environment.
- The best defense against an out-of-state takeover bid is to merge NPC and SPPCo and to run the resulting company efficiently and well so that stock prices are "healthy"; however, that will not make the new company "bulletproof."

Chairman Townsend thanked Mr. Lenzie for his approach to and cooperation with the legislative committees in the past and commended him on his tenure with NPC. Senator O'Connell complimented him on his recent appointment to the Nevada Tax Commission.

REPORT ON THE TAX IMPLICATIONS OF COMPETITION

IN UTILITY INDUSTRIES BY THE DEPARTMENT OF TAXATION

Michael A. Pitlock

Michael A. Pitlock, Executive Director, Nevada's Department of Taxation, noted that, despite what may happen with electric restructuring, the issues of intangibles and the two different assessment schemes used presently must be addressed by the Legislature since they pertain to all forms of deregulation, e.g., electric restructuring, telecommunications, and so forth. These topics are being discussed on several levels and in various arenas, i.e., from a regulatory or rule making perspective, by the tax committees, and in court cases.

During the past year, the department has been assessing how electric restructuring will impact Nevada's tax policy and tax collections made by various entities. When competition is "added to the mix" the impact on taxes will begin to change because monopolies have collected and remitted taxes automatically as part of their normal operations. In the telecommunications industry, for instance, the collection of property tax has raised the issue of fair and equal treatment. The perception that one company is being taxed differently than another can and has resulted in protests.

The tax shift of the 1980s moved Nevada away from a market-based system of property taxation and toward a cost-based system. For most properties, a local assessor calculates the replacement cost of the "hard assets," reduces that figure by an allowance for depreciation, and determines a market value for the land. For centrally assessed property, which includes the utility industry, the process is slightly different. There are three indicators of value set forth in statute: (1) cost; (2) income; and (3) stock and debt. Each approach can give a dramatically different determination of value. He explained how that might happen.

Unless Nevada changes its basic taxation scheme, the Legislature needs to address:

- How to clarify the definition of a "utility," to decide who is going to be centrally assessed and subject to all those rules, and who is going to be locally assessed; and
- How to ensure that all competitors in an industry are under the same taxation scheme.

Because no other taxes are affected by restructuring in this state, a major problem is not likely to occur; however, the overall effect on tax revenue needs to be analyzed.

In the tax scheme adopted by Iowa (see Exhibit A), that state will eliminate property taxes on utilities and replace that anticipated revenue with an excise tax on the product itself, e.g., kWh of electric power, or therms of gas, or miles of transmission lines. That scheme is assumed to be revenue neutral. Under the Iowa plan, all competitors, whether inside or outside the state of Iowa, will have the same tax burden.

In the event surrounding states have dramatically different taxing schemes than does Nevada relative to property taxes, then certain inequities could be created. The handling and taxing of intangibles is being investigated in several states. Therefore, Nevada needs to assess activities in surrounding states to determine the competitive position of this state's utilities as compared to utility companies headquartered in adjacent states.

In conclusion, Mr. Pitlock repeated that these matters of tax policy are being discussed widely and will affect the activities of regulatory agencies, rule making bodies, tax committees, and various courts.

Assemblyman Amodei asked the PUCN to provide information on the following topics, by way of a brief synopsis of each, prior to the next meeting of this committee:

- If A.B. 366 requires every electric provider in Nevada to incorporate a certain percentage of green power from renewable resources in its marketed power mix? (He referred to page 5 of Exhibit A, the discussion of green power.)
- Do the consumer education materials explain that if the consumers do not pick an alternate provider, the PUCN will make that choice? And, if so, how that will be accomplished?
- Which business names are best recognized by Nevada consumers? Were corporate names a key to recognition during the deregulation of telecommunications and natural gas?
- Is demographic data available to show where Nevada's immigrants come from?
- If Nevada's power companies change their corporate names during the planned merger, will that be a deterrent to company identification by consumers who are already familiar with companies from surrounding states?

Ms. Sheldrew noted that the reply to some of these questions may include a level of speculation. Although natural gas service has not been unbundled in this state, some experience has been gained from the deregulation of the telecommunications industry. It is clear, however, that everyone who lives in Nevada now is served by a Nevada utility.

Senator Townsend asked Ms. Sheldrew to comment on the PUCN's position on the issues of:

- Market power;

- Consumer benefits and savings; and
- Time lines and processes anticipated in preparation for the 1999 Legislative Session.

Ms. Sheldrew said that she would provide comments to staff following the workshops (on the "provider of last resort" and other issues) scheduled for June 15 and 16, 1998.

PUBLIC COMMENT

Amy Hill

Amy Hill, Legislative Director for the McMullen Strategic Group, representing Barrick Goldstrike Company of Elko and Barrick Bull Frog Mine at Beatty, spoke from Las Vegas in support of the merger between NPC and SPPCo. She commented that the new Sierra Pacific Resources will be able to compete more successfully in a deregulated and restructured electric utility marketplace, which will benefit the customers of Nevada.

Joe Cain

Joe Cain, Assistant Director for Government Relations, Las Vegas Chamber of Commerce, also testified in support of the Silver State Merger stating that it is important to preserve a strong, in-state utility. In his view, this merger will reflect well on both commercial and residential consumers.

Assemblyman Tom Collins

Assemblyman Tom Collins stated that the merger of NPC and SPPCo will benefit both companies and their respective employees.

Tom Grady

Tom Grady, Executive Director, Nevada League of Cities (NLC), speaking in Carson City, testified in support of the proposed merger between these two associate members of the NLC. He noted that NPC and SPPCo have participated, to the overall benefit of the state and its citizens, with NLC and other organizations in such ventures as "Rebuild America." The merger, in his view, should eliminate duplication of administration and management activities and provide an opportunity to "marry" a northern and southern company to form a stronger statewide utility. The broadened view that will result may enhance programs both at the state and local level.

There was no further public testimony in Carson City or in Las Vegas.

Exhibit F is a copy of the Attendance Record for this meeting.

DIRECTIONS TO STAFF

Chairman Townsend requested the PUCN to provide an overview of telecommunications issues at the next meeting of this committee. Technological advances in that industry are changing daily, and, in his view, the similarities between these industries may be critical.

The next meeting will be scheduled in mid-September 1998, and the details of that meeting will be announced later.

There being no further business, the meeting was adjourned at 10:45 a.m.

Respectfully submitted,

Linda Chandler Law

Senior Research Secretary

APPROVED BY:

Senator Randolph J. Townsend, Chairman

Date: _____

LIST OF EXHIBITS

Exhibit A is a memorandum to the committee's Chairman and members from Scott Young, dated June 4, 1998, titled "Electric Restructuring Update," with attachments.

Exhibit B is a copy of a packet of materials containing the Public Utilities Commission of Nevada's (PUCN) third quarterly report on restructuring, which includes a letter, dated May 26, 1998, with supporting documents, addressed to Lorne J. Malkiewich, Director of the Legislative Counsel Bureau, submitted by Judy Sheldrew, Chairman, PUCN.

Exhibit C is a copy of the "1998 Public Utilities Commission Advertising Public Relations Campaign Plan, June Quarterly Update," provided by Kathy M. Kollar, Consumer Outreach Coordinator for PUCN.

Exhibit D is a color mockup of the proposed PUCN brochure titled "Power. The Choice is Yours" also presented by Ms. Kollar.

Exhibit E is a folder containing "The Silver State Merger" program with "Statements of Support," together with biographies, financial data, and press information, submitted by Charles A. Lenzie, Chairman and Chief Executive Officer, and Michael R. Niggli, President and Chief Operating Officer, Nevada Power Company; and Malyn K. Malquist, Chairman, President, and Chief Executive Officer, Sierra Pacific Power Company.

Exhibit F is a copy of the Attendance Record for this meeting.

Copies of the materials distributed in the meeting are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. You may contact the library at (702) 684-6827.