

PUBLIC SERVICE COMMISSION OF
NEVADA



Bulletin No. 81-7

LEGISLATIVE COMMISSION
OF THE
LEGISLATIVE COUNSEL BUREAU
STATE OF NEVADA

December 1980

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Assembly Concurrent Resolution No. 22—Assemblyman Westall

FILE NUMBER.....123

ASSEMBLY CONCURRENT RESOLUTION—Directing the legislative commission to study the public service commission of Nevada and the merits of requiring competitive bidding on large projects of construction or repair by public utilities.

WHEREAS, Public utilities affect human lives every day and are essential to the maintenance of a modern society; and

WHEREAS, Utilities are regulated by government primarily to ensure efficient service to the public and to protect the people against possible abuses; and

WHEREAS, The effectiveness of the regulation of public utilities is dependent upon the skill, policies and resources of governmental regulatory agencies; and

WHEREAS, The public service commission of Nevada was created by the legislature to regulate public utilities in this state for the general welfare of its people; and

WHEREAS, The cost of energy to consumers in this state continues to increase, and part of the cost arises from essential repair to existing facilities and construction of new facilities, the cost of which is passed on to consumers; and

WHEREAS, Public utilities are not presently required to use competitive bidding for any work which they may decide to accomplish with other than their own resources; and

WHEREAS, The services of public utilities are performed under exclusive public franchises and are similar to services provided by the state and its political subdivisions, which are required by law to use competitive bidding on large projects; and

WHEREAS, Public utilities supplying energy should function at the lowest possible cost commensurate with reasonable service to the public; now, therefore, be it

Resolved by the Assembly of the State of Nevada, the Senate concurring, That the legislative commission is hereby directed to conduct a study of the public service commission of Nevada, including without limitation, its relation to the utilities it regulates and to the public; and be it further

Resolved, That the legislative commission is hereby directed to study the merits of requiring competitive bidding on all large projects of construction or repair to be undertaken by public utilities; and be it further

Resolved, That the legislative commission report the results of its study and any recommended legislation to the 61st session of the Nevada legislature.

REPORT OF THE LEGISLATIVE COMMISSION

TO THE MEMBERS OF THE 61ST SESSION OF THE NEVADA LEGISLATURE:

This report is submitted in compliance with Assembly Concurrent Resolution No. 22 of the 60th session of the Nevada legislature, which directs the legislative commission to study the public service commission of Nevada.

The legislative commission appointed a subcommittee to make the study and recommend appropriate legislation to the next session of the legislature. Assemblyman Virgil M. Getto was designated chairman of the subcommittee and Assemblyman Peggy Westall as vice chairman. The following legislators were named as members: Senators Don W. Ashworth, Richard E. Blakemore and Thomas R. C. Wilson, and Assemblymen Tod Bedrosian and Nicholas J. Horn.

In this report the subcommittee has attempted to present its findings and recommendations briefly and concisely. A great deal of data was gathered in the course of the study. Much of it was provided in the form of exhibits that became part of the minutes of the subcommittee. This information is on file in the research library of the legislative counsel bureau and is readily available to any member.

This report is transmitted to the members of the 1981 legislature for their consideration and appropriate action.

Respectfully submitted,

Legislative Commission
Legislative Counsel Bureau
State of Nevada

Carson City, Nevada
December 1980

LEGISLATIVE COMMISSION

Senator Keith Ashworth, Chairman
Senator Melvin D. Close, Jr., Vice Chairman

Senator Richard E. Blakemore	Assemblyman Robert R. Barengo
Senator Carl F. Dodge	Assemblyman Joseph E. Dini, Jr.
Senator Lawrence E. Jacobsen	Assemblyman Virgil M. Getto
Senator Thomas R. C. Wilson	Assemblyman Paul W. May
	Assemblyman Robert F. Rusk
	Assemblyman Darrell D. Tanner

SUMMARY OF RECOMMENDATIONS

1. Create an office of representation to represent the interests of customers of public utilities in matters before the public service commission of Nevada. (BDR 58-121)
2. Repeal the Nevada Community Antenna Television System Law and empower local governments to regulate community antenna television companies. (BDR 58-122)
3. Require competitive bidding for the construction or extension of any public utility plant, facilities or system which exceeds \$2,500 in any calendar year. (BDR 58-123)
4. Support the department of energy's adoption of stricter standards for the conservation of energy in new buildings. (BDR 176)
5. Encourage local government to adopt regulations which promote the use of solar, geothermal and other alternative resources in new subdivisions. (BDR 177)
6. Encourage the public service commission of Nevada to provide incentives for conservation and renewable resources by reducing line extension charges for structures that meet higher conservation standards or which use renewable resources, and by providing for conservation and standby energy policies that do not discourage use of renewable resources. Also encourage the public service commission to require utilities to adopt load management and rate structure policies that enable the utilities to obtain the best possible use of existing facilities. (BDR 178)
7. Encourage public utilities to examine use of alternative energy resources like geothermal for new power facilities and to examine the feasibility of reducing demands for energy capacity as an alternative for new plant construction. (BDR 179)
8. Urge the public utilities of Nevada to develop no interest or low interest loan programs for improving insulation and increasing energy conservation in homes. (BDR 262)

REPORT OF THE LEGISLATIVE COMMISSION
FROM THE SUBCOMMITTEE TO STUDY THE
PUBLIC SERVICE COMMISSION
OF NEVADA

I. INTRODUCTION

Assembly Concurrent Resolution No. 22 of the 1979 session of the Nevada legislature directed the legislative commission "* * * to conduct a study of the public service commission of Nevada * * *" and the relationship between public utilities and the public. The commission was further directed to study the merits of requiring competitive bidding on all large projects of construction or repair to be undertaken by public utilities. Although the primary focus of the study became the issue of increasing energy utility rates and the search for legislative remedies, other areas of concern, including public service commission (PSC) functions and competitive bidding were also studied.

To carry out the study assignment, the legislative commission appointed a subcommittee composed of the following legislators:

Assemblyman Virgil M. Getto, chairman, Fallon
Assemblyman Peggy Westall, vice chairman, Sparks
Senator Don W. Ashworth, Las Vegas
Senator Richard E. Blakemore, Tonopah
Senator Thomas R. C. Wilson, Reno
Assemblyman Tod Bedrosian, Reno
Assemblyman Nicholas J. Horn, Las Vegas

The subcommittee held five meetings, the first and the last of which were in Carson City. The other three meetings were held in Las Vegas, Fallon, and Reno.

At the first Carson City meeting, the subcommittee reviewed previous legislative studies and public service commission organization and discussed objectives of the subcommittee. The Las Vegas, Fallon, and Reno meetings were used to acquire public testimony on relevant issues and identify utility regulation problem areas. The final meeting held in Carson City served as a work session at which the subcommittee considered potential recommendations to the 1981 legislature and directed staff to develop legislative proposals.

Testimony was received from a wide variety of sources. Hearing participants included interested citizens, state agency officials, federal agency officials, utility representatives, and university faculty. Consequently, information was accumulated from a cross section of the utility industry, its regulators, and its customers.

Study recommendations have been separated into four major areas, each considered separately in the subsequent discussion. The areas are consumer representation, community antenna television, competitive bidding, and energy conservation and alternatives.

II. CONSUMER REPRESENTATION

A considerable amount of discussion ensued in the course of the meetings of the subcommittee regarding consumer representation before the public service commission in rate hearings. This discussion climaxed at the June 26, 1980, meeting in Reno. The climax was in part due to coincident rate increase requests being considered by the public service commission. Subsequently, not only the subcommittee was concerned, but the office of the governor also became involved. On August 26, 1980, the governor released a statement recommending creation of an independent department of utility customer representation to give Nevada citizens a strongly people-oriented program.

A. Definition of Consumer Advocate

With regard to utility rate hearings, a consumer advocate is a party who represents residential ratepayers before the public service commission. This representative will be concerned with both the reasonableness of the amount of a utility's request for a rate increase and with the commission's allocation of an approved rate increase among the various classes of ratepayers (e.g., residential, commercial, industrial).

A growing number of states are establishing offices of consumer advocacy to deal with consumer complaints over rising utility rates. Maryland's Office of People's Counsel to the Public Service Commission was established very early in 1924 (article 78, section 14 et seq., Annotated Code of Maryland). There, the counsel is "authorized to represent the general

public in all matters before the commission." Appointment is by the governor, as is New Jersey's public advocate, who has powers to petition on behalf of the public interest. Other established offices involved in utility matters include Connecticut's Office of Consumer Counsel (set up in 1975), the District of Columbia People's Counsel (1974), Florida's Public Counsel (1974), the Georgia Office of Consumer's Utility Counsel (1975), Indiana's Office of Public Counselor (1941), Missouri's Office of Public Counsel (1974), the Montana Consumer Counsel (1973-74), the New York Intervenor Unit within the State Consumer Protection Board (1974), and Rhode Island's Consumer Counsel (1966).

B. Operation

There are several organizational models through which the consumer advocate may operate. Some states have assigned these duties to their attorney general (e.g., Arkansas and New York) while others extended to commission staff the right to intervention in behalf of residential ratepayers before the commission (e.g., Minnesota and North Carolina). One other mechanism has been to create an independent office of consumer advocacy which officially represents residential ratepayers. Examples include Maryland and Ohio. A summary of state programs as of 1978, including budget and staff size, appears in Table I.

C. Benefits to Consumer

According to the 1979 annual report of the Ohio Consumers' Counsel Governing Board, the Office of Consumers' Counsel (OCC) achievement included savings of \$94.7 million for Ohio's residential utility consumers in 19 completed rate cases, in 21 completed fuel hearings, through the community assistance program and as a result of informal negotiations. This compares to OCC's cost to consumers of approximately \$.04 for every \$100 in utility bills to fund a \$4.5 million 2-year budget.

In Kentucky, the utility section of the attorney general's Division of Consumer Protection intervenes in utility rate cases before the public service commission on behalf of the public. Summary of intervention during 1977 appears on the following page:

	<u>Amount Requested</u>	<u>Amount Granted</u>
General Telephone Co. (No. 6708)	\$ 6,502,911	\$ 1,607,794
Louisville Gas & Electric (No. 6723)	29,545,000	19,906,178
Big Rivers Electric Corp. (No. 6751)	10,000,000	10,000,000
Big Rivers Electric Corp. (No. 6761)	8,600,000	8,651,200
Green River Electric Corp. (No. 6784)	5,280,600	5,280,600
Henderson-Union RECC (No. 6803)	3,057,200	3,057,200
Warren RECC, <u>et. al</u> (No. 6812)	1,044,688	1,004,688
<u>Purchased Power Adjustment Clause</u>		
South Central Bell Telephone (No. 6848)	\$ 54,200,000	\$ 19,822,300
Kentucky Utilities Co. (No. 6906)	33,249,165	Still Pending
Kentucky Utilities Co. (No. 6920)	Certificate of Convenience and Necessity	
South Central Bell Telephone (No. 6924)	2,651,954	Still Pending

Source: The State of Consumer Affairs in Kentucky 1977,
Office of the Attorney General, Commonwealth of
Kentucky, p. 24.

The section also intervened in 63 other rate cases, each case involving a request of less than \$1 million in increased revenues, but with a combined total representing \$6,684,056 in requested revenue increases. Thirty-nine of these cases have been decided by the Public Service Commission representing total increased revenue requests of \$4,855,451. The commission awarded \$3,993,223 in these 39 cases.

The energy and utilities unit of the Department of Law has undertaken a number of activities regarding utility regulation in New York State. In a 1979 New York Telephone rate

REPRESENTATION OF CONSUMER INTEREST
OTHER THAN BY REGULATORY AGENCY

5.

TABLE I (continued)

AGENCY	Consumer Representative	Government Branch	Annual Budget	Number of Staff Members	Authority Citation
SOUTH CAROLINA PSC	Attorney General	Executive	N/A	4-6	58-62 S.C. Code
SOUTH DAKOTA PUC	Commerce & Consumer Affairs Agency			4	
TENNESSEE PSC	Division of Consumer Affairs	Executive	N/A	N/A	Tex. Bus. & Comm., §17.41, <u>et seq.</u>
TEXAS AC	Attorney General				
TEXAS PUC	Attorney General (Appeals only)				
TEXAS RC					
UTAH PSC	Consumer Advocate	Judicial	\$ 79,000	2	HB 30
VERMONT PSB	Public Counsel	Executive			
VIRGIN ISLANDS PSC	None				
VIRGINIA SCC	Attorney General				Sec. 2.1-133.1 <u>et seq.</u>
WASHINGTON UTC	Attorney General				
WEST VIRGINIA PSC	Attorney General	Judicial			Ch. 46A, W.Va. Code
WISCONSIN PSC	None				
WYOMING PSC	None				

- 1/ Public Counsel is selected and compensated by the "Joint Legislative Auditing Committee."
- 2/ The Office of Commerce Counsel is created by a statute separate from the Iowa State Commerce Commission. The Commerce Counsel represents the public before the Commission and also acts as attorney for the Commission before courts and other agencies. The stated budget includes only salaries. Salaries and all expenses of the Office of Commerce Counsel are included in the budget of the Commission.
- 2/ In addition to the Attorney General, New York State has a Consumer Protection Board. By legislation enacted at the 1974 Session of the State Legislature, the Board was authorized to participate in proceedings before the Public Service Commission and the Department of Transportation and to initiate complaints on behalf of consumers.
- 4/ The TAB Counsel is a statutory office within the Transportation Regulation Board.
- 5/ Includes \$476,000 for expert witness fees.
- 5/ One-time intervention.
- 7/ Excludes part-time law clerks.
- 8/ Mass. Fairshare and other consumer interest groups.

Source: 1978 Annual Report on Utility and Carrier Regulation,
National Association of Regulatory Utility Commissioners,
November 1979, pp. 761-762.

case, the Attorney General's Office spent \$8,000 in consultant fees and \$3,000 in staff time to present a case to the Public Service Commission. The ruling of the Administrative Law Judges resulted in a \$93,000,000 reduction in the rate increase proposed by New York Telephone. According to the Attorney General, reduction is clearly attributable to the efforts of the Attorney General's Office. Moreover, the participation of the Attorney General in that case resulted in the design of rates that will represent a multi-million dollar savings for residential and other customers who would otherwise have been forced to pay higher rates to subsidize services and facilities they do not need or use.

The Office of Consumer Advocate in Pennsylvania's Department of Justice represents consumers in matters of utility regulation. During 1978 the Public Utility Commission processed 23 electric utility company rate filing cases involving over \$1 million. The Office of Consumer Advocate was active in 15 of these cases. Outcomes of these cases may be found in the office's annual report.

D. Consumer Advocacy Funding

Several sources of revenue for consumer advocacy have been proposed including direct appropriation (taxpayers), utility mill assessment (ratepayers), and voluntary contributions. In the states of Alabama, Florida, Georgia, Indiana, Missouri, New York, and Utah, consumer advocacy is funded through direct legislative appropriations.¹ Assessments of utilities are levied in Connecticut (in the amount of 70 percent of the consumer counsel's expenses), Montana, New Jersey (up to one-tenth of 1 percent of annual utilities revenues), Ohio (.04 percent of annual utilities revenues), and Pennsylvania (up to .05 percent of annual utilities

¹Statutory citations:

Ala. Code Tit. 37, § 1-18; Fla. Stat. §§ 350.061 through 350.0614; Ga. Code Ann. ch. 93-3A; Ind. Code §§ 8-1-1-4 and 8-1-1-5; Mo. Rev. Stat. §§ 386.700 and 386.710; N.Y. Exec. Law (Consol.) §§ 550 cf.; and Utah Code Ann. §§ 54-10-1 through 54-10-7.

revenues).² Wisconsin consumer advocacy is being funded through voluntary contributions to its Citizens Utility Board (CUB).³ The contributions are solicited from rate-payers through monthly utility bill mailings.

There are also federal sources of funds available to states. Section 122 of the Public Utilities Regulatory Policy Act (PURPA) of 1978 provides for consumer representation and compensation for costs of participation. The Energy Conservation and Production Act (ECPA) also provided federal assistance to a "state office of consumer services which assist the representation of consumer interests with regard to matters before an electric regulatory commission." Finally, consumer representation in North Dakota is being funded through the Legal Services Corporation and the U.S. Community Services Administration.⁴

FINDING 1: The subcommittee finds that the State of Nevada should establish an independent office to represent residential utility ratepayers before the public service commission. The director of the office should be appointed by the governor with legislative approval. Funding should be by direct appropriation from the general fund.

RECOMMENDATION 1: Create an office of representation to represent the interests of customers of public utilities in matters before the public service commission of Nevada.
(BDR 58-121)

²Statutory citations:

Conn. Gen. Stat. §§ 16.2a, 16.2b, and 16-49; Mont. Rev. Codes Ann. §§ 69-1-223 and 69-1-224; N.J. Stat. Ann. § 52:27E-19; Ohio Rev. Code § 4911 (See also 1979 Annual Report of the Consumers' Counsel Governing Board to the Members of the 113th General Assembly, p. 15.); and 1978 Pa. Laws Act 107.

³Wis. Stat. § 199.04.

⁴Correspondence with the project attorney for Legal Assistance of North Dakota, Inc. dated November 29, 1979.

III. COMMUNITY ANTENNA TELEVISION

Community antenna television (CATV) and subsequently developed cable distribution systems are regulated at the federal level by the Federal Communications Commission (FCC) under statutory authority granted in 47 U.S.C. § 5. Because the Federal Government failed to develop adequate regulations and enforcement capabilities by the late 1960's the State of Nevada proceeded to develop its own regulatory scheme in order to resolve problems in the burgeoning CATV industry in Nevada. Consequently, the Nevada legislature passed the Nevada Community Antenna Television System Law (chapter 711 of Nevada Revised Statutes) in 1967. Through a United States Supreme Court decision (TV Pix, Inc. v. Taylor, 304 F. Supp. 439 (1969)), it was found that the state law was not an unreasonable burden on interstate commerce and did not preempt authority of the Federal Government under the Federal Communications Act so long as the power of the Federal Communications Commission to regulate CATV service remained dormant and unexercised.

The FCC has developed considerable expertise and promulgated numerous rules and regulations in the intervening 13 years. All CATV companies are required to acquire a license from the FCC whether there is state regulation or not.

With regard to CATV regulation in Nevada, several provisions are specified in NRS 711. The public service commission is authorized to issue a certificate of public convenience and necessity. The commission may also require companies to provide extensions to particular service areas and to make certain repairs. Finally, the commission may set rates, establish equipment standards and safety regulations, and approve mergers and consolidations of companies.

According to data collected by the National Association of Regulatory Utility Commissioners (NARUC),⁵ only six other states currently regulate CATV companies under the authority

⁵Rodgers, Paul, and Beierlein, Geneva. 1978 Annual Report on Utility and Carrier Regulation, National Association of Regulatory Utility Commissioners, Washington, D.C., November 1979, p. 507.

of the public service commission as Nevada does. These states are Alaska, Connecticut, Delaware, New Jersey, Rhode Island, and Vermont. The states of Massachusetts, Minnesota, and New York have independent commissions to handle the regulation of cable television, while in Hawaii CATV is regulated by the Cable Television Division of the Department of Regulatory Agencies.

Although California statutes do not provide for CATV regulation generally, section 768.5 of the California Public Utilities Code does require every cable television corporation to meet certain occupational safety standards. The statutes of Idaho provide for the establishment of television translator districts which may assume regulatory authority over CATV systems (Idaho Code 31-4104 through 31-4121). Finally, in Utah the only reference to CATV systems in the statutes relates to easement rights and joint use of property with utilities (Utah Code Annotated 54-4-13).

The subcommittee heard testimony at its March 21, 1980, meeting regarding the advisability of removing CATV regulation from the authority of the public service commission. It was argued that the cable television industry exists in an atmosphere of competition, and it is not a mandated utility. It is the consumer's option to utilize its services. It was further argued that regulation of cable television ought to be in the community served. It was indicated, however, that customers should continue to have access to the services of the consumer affairs division of the public service commission.

FINDING 2: The subcommittee finds that the community antenna television regulation by the public service commission of Nevada is an unnecessary administrative responsibility.

RECOMMENDATION 2: Repeal the Nevada Community Antenna Television System Law and empower local governments to regulate community antenna television companies. (BDR 58-122)

IV. COMPETITIVE BIDDING

A. Introduction

Due to the continuous increases in cost of public utility service, the Nevada legislature over the past several sessions has been concerned with the management of the public service commission of Nevada and the exercising of its authority. Although some new management practices and administrative procedures have been instituted within the public service commission as a result of the recommendations of previous legislative studies, rate increases continue.

As an outgrowth of its concern, the 1979 Nevada legislature initiated the study of the public service commission and the merits of requiring competitive bidding practices by public utilities by adopting Assembly Concurrent Resolution No. 22. The resolution specifically directs the legislative commission to study the merits of requiring competitive bidding on all large projects of construction or repair to be undertaken by public utilities.

The study of competitive bidding practices of public utilities was initiated for several reasons. First, the State of Nevada does not presently require competitive bidding on public utility projects. Second, as stated in the resolution, the cost of energy to consumers in Nevada continues to increase, and part of the cost arises from essential repair to existing facilities and construction of new facilities, the cost of which is passed on to the consumers. Moreover, services of public utilities are performed under exclusive public franchises and are similar to services provided by the state which is required by law to use competitive bidding on large projects.⁶ Finally, exercising competitive bidding can contribute to supplying energy at the lowest possible cost commensurate with reasonable service.

⁶Nevada Revised Statutes, chapter 333, State Purchasing Act.

In response to the directive of A.C.R. 22, a multistate survey of public utility regulation was performed. State public utility regulation administrators were asked to identify any policy, whether statutory, regulatory or other, that requires competitive bidding on public utility construction or repair projects.

B. Survey Results

The results of the survey are summarized in Table II. Of the 29 states responding, two can require competitive bidding. Fifteen of the remaining 26 states' responses indicated that competitive bidding is not required, while 12 of the states qualified their answers.

The two states which can require competitive bidding on utility projects are New York and Pennsylvania. Their statutory provisions⁷ are essentially the same, although the New York law exempts projects whose costs are less than \$25,000 for the calendar year. The text of the New York law follows:

Public letting of contracts

The commission is hereby authorized, whenever it is of the opinion that the public interest so requires, to direct any public utility subject to the jurisdiction of the commission to award contracts or agreements for the construction, improvement or extension of its plant, works or system exceeding in amount twenty-five thousand dollars in any calendar year, to the lowest responsible bidder, after a public offering has been made and after advertisement and notice of such offering have been given, and the commission may prescribe rules and regulations relative to such advertisement, notice and public letting.

Among the states which qualified their answers, Colorado, Hawaii, Kansas, Rhode Island, and Washington public utility regulation administrators claimed that use of competitive

⁷N.Y. Public Service Law, section 115 and 66 Pa. Cons. Stat. Ann. § 513.

TABLE II

IS COMPETITIVE BIDDING REQUIRED BY STATE PUBLIC
UTILITY REGULATORY AUTHORITY ON ALL LARGE
PROJECTS OF CONSTRUCTION OR REPAIR TO
BE UNDERTAKEN BY PUBLIC
UTILITIES?

STATE	YES	NO	QUALIFIED NO
Alabama		X	
Alaska		X	
Arizona		X	
California			X
Colorado			X
Florida			X
Georgia			X
Hawaii			X
Idaho			X
Illinois			X
Kansas			X
Louisiana		X	
Maryland			X
Michigan		X	
Minnesota		X	
Mississippi		X	
NEVADA		X	
New Hampshire		X	
New York	X		
Ohio		X	
Oklahoma			X
Oregon		X	
Pennsylvania	X		
Rhode Island			X
South Carolina		X	
Texas		X	
Vermont		X	
Washington			X
West Virginia		X	
Wyoming			

bidding practices by utilities are encouraged through rate-making proceedings.⁸ Georgia requires a bidding procedure for the sale of utility bonds,⁹ and Oklahoma requires competitive bidding for public trusts or municipal utilities.¹⁰ In Idaho, all major utilities under the jurisdiction of its Public Utility Commission solicit bids for all major construction projects.¹¹

The other four states (California, Florida, Illinois, and Maryland) qualified their responses even further. The following discussion enumerates these qualifications.

Between 1962 and 1964, the California Public Utilities Commission investigated the matter of issuing a general order for competitive bidding by utilities for purchase of equipment, supplies, materials, and services. On April 14, 1964, the commission concluded its investigation and published its decision to dismiss the investigation for several reasons, including its finding that "purchasing and construction practices generally followed by the California utilities do not presently warrant a general requirement for competitive bidding."¹²

⁸ Correspondence with Colorado Public Utilities Commission Executive Secretary, December 6, 1979; Hawaii Public Utilities Commission Administrative Director, November 9, 1979; Kansas State Corporation Commission Executive Secretary, November 14, 1979; Rhode Island Division of Public Utilities and Carriers researcher, November 9, 1979; Washington Utilities and Transport Commission Secretary, November 13, 1979.

⁹ Correspondence with Georgia Public Service Commission Executive Secretary, November 19, 1979.

¹⁰ Correspondence with Idaho Public Utilities Commission Accounting and Finance Director, November 27, 1979.

¹¹ Correspondence with Florida Public Service Commission Staff Counsel, November 15, 1979.

¹² Decision No. 67098, Case No. 7372, as reprinted in 62 Cal. PUC 580.

In Florida the issue of competitive bidding has been taken up in public service commission staff interrogatives whereby the competitive bidding practices of the utilities have been investigated on an individual basis.¹³ The Florida statutes section 366.06(2) provides that a utility shall be entitled to a fair return only on that money honestly and prudently invested by the public utility in property used and useful in serving the public. If the utility has not used the most qualified, efficient, and lowest costing vendors and contractors available, the commission has the authority to disallow any expenditures.

The Illinois Commerce Commission, which regulates all public utilities in the state, influences competitive bidding practices among utilities similar to other states, that is, through rate case proceedings. There is, however, one area in which the price a utility is to pay for a particular product must be approved by the commission: contracts between affiliated interests. Section 8A of the Public Utilities Act states the following:

The consent to any contract or arrangement as required above, does not constitute approval of payments thereunder for the purposes of computing expenses of operation in any rate proceeding. However, the Commission shall not require a public utility to make purchases at prices exceeding the prices offered by an affiliated interest, and the Commission shall not be required to disapprove or disallow, solely on the ground that such payments yield the affiliated interest a return or rate of return in excess of that allowed the public utility, any portion of payments for purchases from an affiliated interest.

In Maryland, a limited statutory reference is made to competitive bidding by public utilities in section 54F(f)(3) of the Public Service Commission Law. It states that the Maryland Public Service Commission, in making fuel rate adjustments of electric companies, shall determine whether the utility has made every reasonable effort to minimize fuel costs and followed competitive procurement practices.

¹³Correspondence with Florida Public Service Commission Staff Counsel, November 15, 1979.

C. Potential Disadvantages

Several disadvantages to requiring competitive bidding were pointed out by one of the survey respondents.¹⁴ One example is the situation where the list of prospective bidders is very small and the demand for their product is great. Another example is where time is very critical, such as for the replacement of an essential part of a major power plant or the repairing of storm-damaged electric transmission and distribution lines.

The subcommittee also received testimony from representatives of Nevada's major energy utilities regarding the merits of requiring competitive bidding. The policy of Southwest Gas Corporation is to use competitive bidding when it is not practical or economical to perform work with company employees, excluding gas purchase contracts or specialized consulting professional assistance or repairs of an emergency nature. Examples of this type of work are building construction and alteration, pipeline and industrial engineering construction, and demolition and salvage of company property.

Nevada Power Company also competitively bids almost all of its work. Examples include major use items like cables, poles, and distribution transformers; major construction, and repairs whether warranted or not. The exceptions cited by Nevada Power personnel include unusual circumstances such as storm damage (emergencies) and in areas of material selection where additions to existing equipment require using the same manufacturer in order to be compatible. The policy of Sierra Pacific Power Company is to "provide an equal opportunity for all qualified suppliers to compete for its business on a fair, impartial and equitable basis without discrimination and to use competitive bidding as the basis for its purchasing policy." Again, exceptions occur in emergency situations.

FINDING 3: Inasmuch as these companies' policies do not conflict with the requiring of competitive bidding, the subcommittee finds that a statutory requirement should be sought.

¹⁴Correspondence with Michigan Department of Commerce
Office of Electric Operations Director, November 20,
1979.

RECOMMENDATION 3: Require competitive bidding for the construction or extension of any public utility plant, facilities or system which exceeds \$2,500 in any calendar year. (BDR 58-123)

V. ENERGY CONSERVATION AND ALTERNATIVES

One way of reducing monthly utility bills is to not use energy supplied by the utility, that is conservation. Similarly, using some alternative energy resource will also reduce monthly utility bills. In testimony before the subcommittee, the Nevada department of energy (NDOE) listed a number of actions which could be taken to help residential consumers get a grip on their energy future. The nine points are listed below:

1. Develop a no interest or low interest loan program through the utility or the state. The housing division of the department of commerce presently has a low interest loan program that could be expanded to provide low interest loans for retrofit of existing residential structures.
2. Require existing homes to be retrofitted to minimum conservation standards at the time of sale. The legislation to implement this suggestion should include a provision that limits the amount of money that the seller has to spend to upgrade their residence.
3. Support enactment by the NDOE of tougher energy conservation standards for new building construction.
4. Provide property and sales tax incentives for the purchase and installation of conservation and/or renewable resource equipment.
5. Require local governmental entities to adopt regulations which promote use of solar, geothermal and other alternative resources in new subdivisions.
6. Require public service commission to provide incentives for conservation and renewable resource by reducing line extension charges for structures that meet higher conservation standards or which use renewable resources, and by providing for conservation and standby energy policies that do not discourage use of renewable resources.
7. Encourage the public service commission to require utilities to adopt load management and rate structure policies that enable the utility to obtain the best possible use of existing facilities.

Devices such as those being used by Nevada Power Company to turn off air conditioners during peak periods can be used to help reduce the amount of plant which utilities need.

8. Require utilities to examine use of alternative energy resources like geothermal for new power facilities.
9. Require utilities to examine feasibility of reducing demands for energy capacity as an alternative for new plant construction.

The department of energy further pointed out that action must be taken to reduce energy consumption which is related to fossil fuels, to reduce plant or capacity requirements, and to stimulate use of alternative energy resources. According to a recent report,¹⁵ steps have been taken by several states' public utility commissions, the most notable of which include California, Connecticut, Minnesota, New York, Oregon, Rhode Island, and Wisconsin.

California's Public Utilities Commission has ordered California utilities to purchase power from industries involved in cogeneration of power and to pay them a premium price, the kilowatt hour equivalent of generating the power from new oil or gas supplies. Other California reforms include a pilot project of zero interest loans by utilities to consumers for solar hot water heaters and home weatherization, inverted rate structures so that intensive energy users pay the highest prices, and sharply higher rates for large industrial consumers at peak load times.

Several utilities have also taken notable actions in addressing the energy problem, including New England Electric, Pacific Gas and Electric, Portland (Oregon) Power and Light, and the Tennessee Valley Authority. For example, the Tennessee Valley Authority has instituted a program to insulate 400,000 homes for \$200 million rather than building an additional nuclear power plant for \$1.5 billion. New England Electric is implementing a 15-year plan based on intensive conservation measures designed to reduce oil imports by 300 million barrels, reduce new capital

¹⁵Peirce, Neal R. "PUCs Can Be Energy Heros," State Government News, June 1980, p. 15.

requirements by \$1.5 billion, reduce the U.S. balance of payments deficit by \$5 billion, and save its 1,040,000 customers \$1.2 billion on their utility bills between now and 1995.

FINDING 4: The subcommittee finds that the legislature should move to adopt policies regarding energy conservation and use of alternatives which assist the consumer in reducing monthly energy utility service.

RECOMMENDATION 4: Support the department of energy's adoption of stricter standards for the conservation of energy in new buildings. (BDR 176)

RECOMMENDATION 5: Encourage local government to adopt regulations which promote the use of solar, geothermal and other alternative resources in new subdivisions. (BDR 177)

RECOMMENDATION 6: Encourage the public service commission of Nevada to provide incentives for conservation and renewable resources by reducing line extension charges for structures that meet higher conservation standards or which use renewable resources, and by providing for conservation and standby energy policies that do not discourage use of renewable resources. Also encourage the public service commission to require utilities to adopt load management and rate structure policies that enable the utilities to obtain the best possible use of existing facilities. (BDR 178)

RECOMMENDATION 7: Encourage public utilities to examine use of alternative energy resources like geothermal for new power facilities and to examine the feasibility of reducing demands for energy capacity as an alternative for new plant construction. (BDR 179)

RECOMMENDATION 8: Urge the public utilities of Nevada to develop no or low interest loan programs for improving insulation and increasing energy conservation in homes. (BDR 262)

VI. CREDITS

ACR 22 GUEST LIST

Dr. Nazier A. Ansari
Professor of Management
University of Nevada
Reno

E. C. Baker
Private Citizen
Las Vegas

Andrew L. Barbano
Coalition for Affordable Energy
Reno

Rosalie Beasley
Concerned Citizens
Reno

R. C. Bos, Commissioner
Public Service Commission
Carson City

William C. Branch
Sierra Pacific Power Company
Reno

Scott Brenneke
Northern Nevada Apartment Assn.
Reno

Daryl Capurro
Nevada Motor Transport Assn.
Reno

Noel Clark, Director
Nevada Department of Energy
Carson City

Al Clarke
Private Citizen
Las Vegas

Nicholas Colonna, President
Northern Nevada Apartment Assn.
Reno

H. R. Conrad
Private Citizen
Fallon

Frank W. Daykin
Legislative Counsel
Nevada Legislative Counsel Bureau
Carson City

Yvonne DeLisle
Private Citizen
Reno

Patrick Fagan, Deputy Commissioner
Public Service Commission
Carson City

Robert Fink
Private Citizen
Reno

Cynthia Fitzgerald
Private Citizen
Reno

Carl Geiss
Private Citizen
Reno

William Goddard
Motor Carrier Inspector
Public Service Commission
Carson City

Keith Grant
Nevada Power Company
Las Vegas

Bruce Greenhalgh, Director
Nevada Department of General Services
Carson City

Ed Greer
Business Manager
Clark County School District
Las Vegas

Heber Hardy, Chairman
Public Service Commission
Carson City

Reece Harper
Nevada Farm Bureau
Reno

Gary Hasiam
Private Citizen
Reno

Sid Hatfield
Private Citizen
Reno

R. W. Haven
Southwest Gas Corporation
Las Vegas

R. M. Hutchins
Private Citizen
Reno

Max Jones
Sierra Pacific Power Company
Reno

Kelly Jackson
Deputy Director
Nevada Department of Energy
Carson City

John Lear
FEDUP Organization
Las Vegas

Clara Litchfield
Private Citizen
Reno

Geary Lowery
Private Citizen
Reno

Helen Lucky
Economic Opportunity
Board of Clark County
Las Vegas

Janet MacDonald, Commissioner
Public Service Commission
Carson City

John McBride
Consumer Affairs Division
Public Service Commission
Carson City

John McCarthy
Nevada Power Company
Las Vegas

Charles McCrea
Southwest Gas Corporation
Las Vegas

Marti McHenry
Private Citizen
Reno

Jim Mooers
Private Citizen
Reno

Anne Murphy
Attorney
Berkeley, California

Hollis Nielsen
Private Citizen
Reno

Mike O'Grady
Private Citizen
Reno

Orlandt Outland
Common Cause of Northern Nevada
Reno

Roz Parry
Attorney General's Office
Carson City

Carnig Phillips
Private Citizen
Las Vegas

Kent Pinney
Professor of Marketing
University of Nevada-Las Vegas
Las Vegas

Michael Pitlock, Senior Auditor
Public Service Commission
Carson City

George Roen
Cresap, McCormick and Paget

Richard Romine
Fallon Cable TV
Fallon

Rusty Rubin
Private Citizen
Reno

Russell Simcoe
Private Citizen
Reno

Ken Smith, Chief Auditor
Public Service Commission
Carson City

Gary M. Soule'
Sierra Pacific Power Company
Reno

William Stromer
Motor Carrier Inspector
Public Service Commission
Carson City

Larry Sumrall
Private Citizen
Reno

Randolph Townsend
Private Citizen
Reno

Jim Tuohy
Private Citizen
Reno

Eugene Walkama, Auditor
Legislative Counsel Bureau
Carson City

Mary Wagoner
Private Citizen
Reno

Joyce Warren
Private Citizen
Reno

J. H. Zornes
Nevada Power Company
Las Vegas

VII. SUGGESTED LEGISLATION

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SUMMARY--Creates office of representation to represent customers of public utilities in matters before the public service commission of Nevada. (BDR 58-121)

Fiscal Note: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: Yes.

AN ACT relating to public utilities; creating the office of representation to represent the interests of customers of public utilities in matters before the public service commission of Nevada; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND
ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 703 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 6, inclusive, of this act.

Sec. 2. The office of representation is hereby created for the purpose of representing customers of public utilities in matters before the commission and for initiating judicial review of decisions by the commission in cases where the office determines that an appeal is merited.

Sec. 3. The governor shall appoint the administrator of the office of representation, subject to confirmation by the legislature at each legislative session.

Sec. 4. The office of representation shall:

1. Examine the basis for all proposed increases in rates or proposed modifications of service by public utilities before the commission.

2. Request a hearing for any proposed rate increase or proposed modification of service by a public utility which, based upon its research, the office deems unreasonable or unjustly discriminatory.

3. Present in the appropriate court an appeal from any order of the commission fixing the rates of or approving the modification of service rendered by a public utility or an appeal from a judgment upholding such an order if, in the opinion of the office, an appeal is merited.

4. Represent the interests of utility customers in all hearings requested pursuant to subsection 2 and in all appeals brought pursuant to subsection 3.

Sec. 5. 1. A division of customer relations is hereby established within the office of representation.

2. Pursuant to regulations adopted by the office of representation, the division of customer relations shall:

(a) Receive and investigate complaints made against any public utility, motor carrier or broker;

(b) Conduct appropriate investigations of the service practices of utility companies and motor carriers and brokers;

(c) Perform such other functions as are required by law or as the office of representation deems appropriate.

Sec. 6. The division of customer relations shall prepare and publish pamphlets and other descriptive material which:

1. Contain information about the office of representation and the public utilities under its jurisdiction.

2. Encourage the conservation of energy.

Sec. 7. NRS 703.130 is hereby amended to read as follows:

703.130 1. The commission shall appoint a deputy commissioner who shall serve in the unclassified service of the state.

2. The commission shall appoint a secretary who shall perform such administrative and other duties as are prescribed by the commission. The commission shall also appoint an assistant secretary.

3. The commission may employ such other [clerks, experts or engineers as may be necessary. Employees in the unclassified service of the state shall receive annual salaries in amounts determined pursuant to the provisions of NRS 284.182.

4. The compensation of the secretary and other employees shall be fixed in accordance with the provisions of chapter 284 of NRS.] personnel as are necessary to perform its duties.

Sec. 8. NRS 703.145 is hereby amended to read as follows:

703.145 1. Any public utility or common or contract motor carrier subject to the jurisdiction of the commission which elects to maintain its books and records outside the State of Nevada [shall,] must, in addition to any other assessment and fees provided for by law, be assessed by the commission or the office of representation, respectively, for an amount equal to the travel

expenses and the excess of the out-of-state subsistence allowances over the in-state subsistence allowances [, as fixed by NRS 281.160,] of commission members and staff [, for] or of employees of the office of representation, for investigation, inspections and audits required to be performed outside this state.

2. The assessment provided for by this section [shall] must be determined by the [commission] investigating agency upon the completion of each such investigation, inspection and audit, and [shall be] is due and payable within 30 days of receipt by the affected utility or common or contract motor carrier of the notice of assessment.

3. The records of the commission or of the office of representation relating to the additional costs incurred by reason of the necessary additional travel [shall be] are open for inspection by the affected utility or common or contract motor carrier at any time within [such] that 30-day period.

Sec. 9. NRS 703.195 is hereby amended to read as follows:

703.195 Any employee of the office of representation who is designated by the office or any commissioner or any officer or employee of the commission who is designated by the commission, may examine during regular business hours the books, accounts, records, minutes, papers and property of any public utility, motor carrier or broker who does business in this state, whether or not the book, account, record, minutes, paper or property is located within the state.

Sec. 10. NRS 703.310 is hereby amended to read as follows:

703.310 1. When a complaint is made against any public utility, common or contract carrier or broker by any person, that any of the rates, tolls, charges or schedules, or any joint rate or rates are in any respect unreasonable or unjustly discriminatory, or that any regulation, measurement, practice or act affecting or relating to the transportation of persons or property, or any service in connection therewith, or the production, transmission or delivery or furnishing of heat, light, gas, coal slurry, water or power, or any service in connection therewith or the transmission thereof is, in any respect, unreasonable, insufficient or unjustly discriminatory, or that any service is inadequate, and the division of [consumer] customer relations is unable to resolve the complaint, the division shall transmit the complaint and its recommendation to the [commission.] administrator of the office of representation. Within 10 days after receipt of the complaint and recommendation, the [commission] office of representation shall provide the public utility, carrier or broker complained against with a copy of the complaint and recommendation. Within a reasonable time thereafter the [commission] office of representation shall investigate the complaint.

2. [If, as a result of its investigation,] The office of representation shall submit the results of the investigation to the commission. If, after a review of the facts, the commission determines that probable cause exists for the complaint, it shall

order a hearing thereof, and give notice of the hearing as required by NRS 703.320, and conduct the hearing as it would any other hearing.

3. No order affecting a rate, toll, charge, schedule, regulation measurement, practice or act complained of may be entered without a formal hearing at which both the complainant and the public utility, carrier or broker are entitled to appear in person or by counsel and be heard, unless a hearing is dispensed with as provided in NRS 703.320.

Sec. 11. NRS 704.110 is hereby amended to read as follows:

704.110 Except as may otherwise be provided by the commission pursuant to NRS 704.095:

1. Whenever there is filed with the commission any schedule stating a new or revised individual or joint rate, fare or charge, or any new or revised individual or joint regulation or practice affecting any rate, fare or charge, or any schedule resulting in a discontinuance, modification or restriction of service, the commission may, either upon complaint or upon its own motion without complaint, at once, and if it so orders, without answer or formal pleading by the interested utility, [enter upon an investigation or,] upon reasonable notice, enter upon a hearing concerning the propriety of the rate, fare, charge, classification, regulation, discontinuance, modification, restriction or practice.

2. Pending the [investigation or] hearing and the decision thereon, the commission, upon delivering to the utility affected thereby a statement in writing of its reasons for the suspension, may suspend the operation of the schedule and defer the use of the rate, fare, charge, classification, regulation, discontinuance, modification, restriction or practice, but not for a longer period than 150 days beyond the time when the rate, fare, charge, classification, regulation, discontinuance, modification, restriction or practice would otherwise go into effect.

3. Whenever there is filed with the commission any schedule stating an increased individual or joint rate, fare or charge for service or equipment, the public utility shall submit with its application a statement showing the recorded results of revenues, expenses, investments and costs of capital for its most recent 12-month period. The public utility shall also submit copies of the application and statement to the office of representation. During any hearing concerning the increased rates, fares or charges determined by the commission to be necessary, the commission shall consider evidence in support of the increased rates, fares or charges based upon actual recorded results of operations for the most recent 12 consecutive months for which data are available at the time of filing, adjusted for any increased investment in facilities, increased depreciation expenses, certain other operating expenses as approved by the commission and changes in the costs of

securities which are known and are measurable with reasonable accuracy at the time of filing and which will become effective within 6 months after the last month of the actual 12-month results of operations; but no new rates, fares or charges may be placed into effect until the changes have been experienced and certified by the utility to the commission. The commission may also consider evidence supporting depreciation expenses, calculated on an annual basis, applicable to major electric generating plant units placed into service during the recorded test period or the certification period as set forth in the application. Within 90 days after the filing with the commission of the certification required herein, or before the expiration of any suspension period ordered pursuant to subsection 2, whichever time is longer, the commission shall make such order in reference to those rates, fares or charges as may be required by this chapter.

4. After [full investigation or] the hearing, whether completed before or after the date upon which the rate, fare, charge, classification, regulation, discontinuance, modification, restriction or practice is to go into effect, the commission may make such order in reference to the rate, fare, charge, classification, regulation, discontinuance, modification, restriction or practice as would be proper in a proceeding initiated after the rate, fare, charge, classification, regulation, discontinuance, modification, restriction or practice has become effective.

5. Whenever an application is filed by a public utility for an increase in any rate, fare or charge based upon increased costs in the purchase of fuel or power, and the public utility has elected to use deferred accounting for costs of the purchase of fuel or power in accordance with commission regulations, the commission, by appropriate order after a public hearing, shall allow the public utility to clear the deferred account not more often than every 6 months by refunding any credit balance or recovering any debit balance over a period not to exceed 1 year as determined by the commission. The commission shall not allow a recovery of a debit balance or any portion thereof in an amount which would result in a rate of return in excess of the rate of return most recently granted the public utility.

6. Except as provided in subsection 7, whenever an application for an increased rate, fare or charge for, or classification, regulation, discontinuance, modification, restriction or practice involving service or equipment has been filed with the commission, a public utility shall not submit another application until all pending applications for rate increases submitted by that public utility have been decided unless, after application and hearing, the commission determines that a substantial financial emergency would exist if the other application is not permitted to be submitted sooner.

7. A public utility may not file an application to recover the increased cost of purchased fuel, purchased power or natural gas purchased for resale more often than once every 30 days.

Sec. 12. NRS 704.120 is hereby amended to read as follows:

704.120 1. If, upon any hearing and after due investigation, the rates, tolls, charges, schedules or joint rates shall be found to be unjust, unreasonable or unjustly discriminatory, or to be preferential, or otherwise in violation of any of the provisions of this chapter, the commission shall have the power to fix and order substituted therefor such rate or rates, tolls, charges or schedules as shall be just and reasonable.

2. If it shall in like manner be found that any regulation, measurement, practice, act or service complained of is unjust, unreasonable, insufficient, preferential, unjustly discriminatory or otherwise in violation of the provisions of this chapter, or if it be found that the service is inadequate, or that any reasonable service cannot be obtained, the commission shall have the power to substitute therefor such other regulations, measurements, practices, service or acts and make such order relating thereto as may be just and reasonable.

3. When complaint is made of more than one rate, charge or practice, the commission may, in its discretion, order separate hearings upon the several matters complained of and at such times and places as it may prescribe.

4. No complaint shall at any time be dismissed because of the absence of direct damage to the complainant.

5. [The commission may at any time, upon its own motion,] The office of representation may investigate any of the rates, tolls, charges, rules, regulations, practices and service, and, shall provide the commission with the results of the investigation. The commission may, after a full hearing as above provided, by order, make such changes as may be just and reasonable, the same as if a formal complaint had been made.

Sec. 13. NRS 704.240 is hereby amended to read as follows:

704.240 1. The commission and the office of representation may [, in its discretion,] purchase such materials, apparatus and standard measuring instruments for such examination and tests as [it may deem] each deems necessary.

2. The commission [shall have the right and power to] and the office of representation each may enter upon any premises occupied by any public utility for the purpose of making the examination and tests provided for in this chapter and set up and use on such premises any necessary apparatus and appliances and occupy reasonable space therefor.

3. Any public utility refusing to allow such examination to be made as [herein provided shall be] in this section is subject to the penalties prescribed in NRS 704.590.

Sec. 14. NRS 706.326 is hereby amended to read as follows:

706.326 1. Whenever there is filed with the commission any schedule or tariff stating a new or revised individual or joint rate, fare or charge, or any new or revised individual or joint regulation or practice affecting any rate, fare or charge, or any schedule or tariff resulting in a discontinuance, modification or restriction of service, the commission shall have, and it is hereby given, authority, either upon complaint or upon its own motion without complaint, at once, and if it so orders, without answer or formal pleading by the interested common or contract motor carrier, [to enter upon an investigation or,] upon reasonable notice, to enter upon a hearing concerning the propriety of such rate, fare, charge, classification, regulation, discontinuance, modification, restriction or practice.

2. Pending [such investigation or] the hearing and the decision thereon, the commission, upon delivering to the common or contract motor carrier affected thereby a statement in writing of its reasons for such suspension, may suspend the operation of such schedule or tariff and defer the use of such rate, fare, charge, classification, regulation, discontinuance, modification, restriction or practice, but not for a longer period than 150 days beyond the time when such rate, fare, charge, classification, regulation, discontinuance, modification, restriction or practice would otherwise go into effect.

3. After [full investigation or] the hearing, whether completed before or after the date upon which the rate, fare, charge, classification, regulation, discontinuance, modification, restriction or practice is to go into effect, the commission may make such order in reference to such rate, fare, charge, classification, regulation, discontinuance, modification, restriction or practice as would be proper in a proceeding initiated after the rate, fare, charge, classification, regulation, discontinuance, modification, restriction or practice has become effective.

4. The commission shall determine whether a hearing shall be held when the proposed change in any schedule stating a new or revised individual or joint rate, fare or charge, or any new or revised individual or joint regulation or practice affecting any rate, fare or charge, will result in an increase in annual gross revenue as certified by the applicant of \$2,500 or less. In making such determination the commission shall first consider all timely written protests, any presentation the [staff of the commission] office of representation may desire to present, the application and any other matters deemed relevant by the commission.

Sec. 15. NRS 706.331 is hereby amended to read as follows:

706.331 1. If, upon any hearing and after due investigation, the rates, tolls, fares, charges, schedules, tariffs, joint rates or any regulation, measurement, practice, act or service complained of is found to be unjust, unreasonable, insufficient, preferential,

unjustly discriminatory or otherwise in violation of the provisions of this chapter, or if it is found that the service is inadequate, or that any reasonable service cannot be obtained, the commission may substitute therefor such other rates, tolls, fares, charges, tariffs, schedules or regulations, measurements, practices, service or acts and make such order relating thereto as may be just and reasonable.

2. When complaint is made of more than one matter, the commission may order separate hearings upon the several matters complained of at such times and places as it may prescribe.

3. No complaint may at any time be dismissed because of the absence of direct damage to the complainant.

4. [The commission may at any time, upon its own motion,] The office of representation may investigate any of the matters listed in subsection 1, and [,] shall provide the commission with the results of the investigation. The commission may, after a full hearing as above provided, by order, make such changes as may be just and reasonable, the same as if a formal complaint had been made.

Sec. 16. NRS 704.390 is hereby amended to read as follows:

704.390 1. It [shall be] is unlawful for any public utility to discontinue, modify or restrict service to any city, town, municipality, community or territory theretofore serviced by it, except upon 30 days' notice filed with the commission [,] and the

office of representation, specifying in detail the character and nature of the discontinuance or restriction of the service intended, and upon order of the commission, made after hearing, permitting such discontinuance, modification or restriction of service.

2. The office of representation shall investigate the effects which the proposed discontinuance or restriction of service might have on customers of the public utility and shall submit the findings of the investigation to the commission no later than 21 days after the filing of the notice required in subsection 1.

3. The commission [in its discretion and after investigation,] after its review of the facts presented under subsections 1 and 2, may dispense with the hearing on the application for discontinuance, modification or restriction of service, if, upon the expiration of the time fixed in the notice thereof, no protest against the granting of the application has been filed by or on behalf of any interested person.

Sec. 17. NRS 481.051 is hereby amended to read as follows:

481.051 1. As executive head of the department, the director shall direct and supervise all administrative and technical activities of the department. He shall devote his entire time to the duties of his office, and shall follow no other gainful employment or occupation.

2. The director may, within such limitations as may be provided by law, organize the department into various divisions and, from

time to time, alter such organization and reassign responsibilities and duties as he may deem appropriate.

3. The director shall:

(a) Formulate the policy of the department and the various divisions thereof.

(b) Coordinate the activities of the various divisions of the department.

(c) From time to time adopt, amend and rescind such rules and regulations consistent with law as he may deem necessary for the operation of the department and the enforcement of all laws administered by the department.

4. The director may appoint vendors to serve as department agents for the purpose of selling licenses and of collecting other fees and bonds where fixed ports of entry do not adequately serve a respective highway entering the state. The vendor shall be remunerated at the rate of 75 cents per license or bond sold. The vendor shall collect the tax, fees and licenses provided for in chapters 366 and 706 of NRS, and pay them to the department. The vendor shall collect any bonds as required and pay them to the department. The vendor shall guarantee such payment by giving a bond to the state in such sum as may be fixed by the director. The premium on such bond shall be paid by the department. The director may appoint [inspectors of the public service commission

of Nevada and] inspectors of the office of representation of Nevada and Nevada highway patrolmen to serve without remuneration as vendors for the purposes of this subsection.

Sec. 18. NRS 703.290 and 703.300 are hereby repealed.

Sec. 19. Employees of the commission whose duties are assigned to the office of representation by this act are entitled to be transferred from the commission to the office of representation without loss of grade or benefits.

Sec. 20. The commission shall transfer to the office of representation possession of all equipment and records which are necessary to the functions for which the office of representation is created.

SUMMARY--Empowers local governments to regulate community antenna television companies. (BDR 58-122)

Fiscal Note: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

AN ACT relating to community antenna television companies; empowering local governments to regulate community antenna television companies; repealing the Nevada Community Antenna Television System Law; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND
ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 703.150 is hereby amended to read as follows:

703.150 The commission shall supervise and regulate the operation and maintenance of public utilities and other persons named and defined in chapters 704, 704A, 706, 708 [, 711] and 712 of NRS pursuant to the provisions of those chapters.

Sec. 2. NRS 703.197 is hereby amended to read as follows:

703.197 1. The commission may collect fees for the filing of any official document required by this chapter and chapters 704, 704A, 705, 706, 708 [, 711] and 712 of NRS or by a regulation of the commission.

2. Filing fees may not exceed:

(a) For applications, \$200.

(b) For petitions seeking affirmative relief, \$200.

(c) For each tariff page which requires public notice and is not attached to an application, \$10. If more than one page is filed at one time, the total fee may not exceed the cost of notice and publication.

(d) For all other documents which require public notice, \$10.

3. If an application or other document is rejected by the commission because it is inadequate or inappropriate, the filing fee must be returned.

4. The commission may not charge any fee for filing a complaint.

Sec. 3. NRS 703.210 is hereby amended to read as follows:

703.210 1. The attorney general shall:

(a) Except as provided in subsection 2, be counsel and attorney for the commission in all actions, proceedings and hearings.

(b) Prosecute in the name of the State of Nevada all civil actions for the enforcement of chapters 704, 704A, 705, 706, 708 [, 711] and 712 of NRS and for the recovery of any penalty or forfeiture provided for therein.

(c) If the district attorney fails or refuses to do so, prosecute all violations of the laws of this state by public utilities and motor carriers under the jurisdiction of the commission and their officers, agents and employees.

(d) Generally aid the commission in the performance of its duties and the enforcement of chapters 704, 704A, 705, 706, 708 [, 711] and 712 of NRS.

2. Each district attorney shall:

(a) Prosecute any violation of chapters 704, 704A, 705, 706, 708 [, 711] or 712 of NRS for which a criminal penalty is provided and which occurs in his county.

(b) Aid in any investigation, prosecution, hearing or trial held under the provisions of chapters 704, 704A, 705, 706, 708 [, 711] or 712 of NRS and, at the request of the attorney general or the commission, act as counsel and attorney for the commission.

Sec. 4. NRS 704.020 is hereby amended to read as follows:

704.020 1. As used in this chapter, "public utility" shall mean and embrace:

(a) Any person, partnership, corporation, company, association, their lessees, trustees or receivers (appointed by any court whatsoever) that now, or may hereafter, own, operate, manage, or control any railroad or part of a railroad as a common carrier in this state, or cars or other equipment used thereon, or bridges, terminals, or sidetracks, or any docks or wharves or storage elevators used in connection therewith, whether owned by such railroads or otherwise.

(b) Express companies, telegraph and telephone companies.

(c) Any plant, property or facility furnishing facilities to the public for the transmission of intelligence via electricity. The provisions of this paragraph do not apply to interstate commerce.

(d) Radio or broadcasting instrumentalities providing common or contract service and aircraft common and contract carriers.

(e) All companies which may own cars of any kind or character, used and operated as a part of railroad trains, in or through this state.

All duties required of and penalties imposed upon any railroad or any officer or agent thereof shall, insofar as the same are applicable, be required of and imposed upon the owner or operator of such express companies, telegraph and telephone, radio, broadcasting, aircraft companies, and companies which may own cars of any kind or character, used and operated as a part of railroad trains in or through this state, and their officers and agents, and the commission shall have the power of supervision and control of all such companies and individuals to the same extent as of railroads.

[(f) Community antenna television companies.]

2. "Public utility" shall also embrace:

(a) Any person, partnership, corporation, company, association, their lessees, trustees or receivers (appointed by any court whatsoever) that now or hereafter may own, operate or control any ditch, flume, tunnel or tunnel and drainage system, charging rates, fares or tolls, directly or indirectly.

(b) Any plant or equipment, or any part of a plant or equipment, within the state for the production, delivery or furnishing for or to other persons, firms, associations, or corporations, private or municipal, heat, gas, coal slurry, light, power in any form or by

any agency, water for business, manufacturing, agricultural or household use, or sewerage service, whether within the limits of municipalities, towns or villages, or elsewhere.

The commission is hereby invested with full power of supervision, regulation and control of all such utilities, subject to the provisions of this chapter and to the exclusion of the jurisdiction, regulation and control of such utilities by any municipality, town or village, unless otherwise provided by law.

3. The provisions of this chapter and the term "public utility" shall apply to:

(a) The transportation of passengers and property by aircraft common and contract carriers, except helicopters used on construction projects, and the transmission or receipt of messages, intelligence or entertainment, between points within the state.

(b) The receiving, switching, delivering, storing and hauling of such property, and receiving and delivering messages.

(c) All charges connected therewith, including icing charges and mileage charges.

(d) All railroads, express companies, car companies, and all associations of persons, whether incorporated or otherwise, that shall do any business as a common carrier upon or over any line of railroad within this state.

(e) Any common or contract carrier engaged in the transportation of passengers and property, except common or contract motor carriers subject to the provisions of chapter 706 of NRS.

Sec. 5. NRS 704.183 is hereby amended to read as follows:

704.183 1. The commission may order an examination of the condition and management of any public utility under its jurisdiction which is a [community antenna television system,] telephone company, electric light, heat and power company or a natural gas company.

2. The commission and the public utilities shall establish, and revise annually, a list of not less than 20 persons qualified to conduct such examinations.

3. If an examination is ordered:

(a) The public utility shall select a person to conduct the examination from such list; and

(b) The commission, the public utility and the person selected shall determine the manner, scope and cost of the examination and the content and form of reports issued at the conclusion of the examination.

4. Except where the commission, after a hearing, determines that an examination of a public utility is in the public interest, the commission shall not order an examination if a prior examination has been conducted within the preceding 5 years.

5. The costs of an examination are allowable expenses of the public utility for the purpose of ratemaking.

Sec. 6. NRS 704.590 is hereby amended to read as follows:

704.590 1. Any public utility or any officer, agent or employee of a public utility who:

(a) Violates any of the provisions of this chapter or chapters 705 [, 708 and 711] and 708 of NRS;

(b) Violates any rule or regulation of the commission; or

(c) Fails, neglects or refuses to obey any order of the commission or any order of a court requiring compliance with an order of the commission,
is liable for a civil penalty not to exceed \$1,000 per day for each day of the violation and not to exceed \$100,000 for any related series of violations.

2. The amount of any civil penalty to be imposed pursuant to this section, and the propriety of any compromise of a penalty, shall be determined by a court of competent jurisdiction upon the complaint of the commission.

3. Subject to the approval of the court, any civil penalty may be compromised by the commission. In determining the amount of the penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the size of the business of the person charged, the gravity of the violation and the good faith of the person charged in attempting to achieve compliance, after notification of a violation, shall be considered.

4. Any penalty assessed pursuant to this section is not a cost of service by the public utility and shall not be included in any new application by a public utility for a rate adjustment or rate increase.

Sec. 7. NRS 704.825 is hereby amended to read as follows:

704.825 1. The legislature hereby finds and declares that:

(a) There is at present and will continue to be a growing need for electric, gas, telephone, telegraph [,] and water [and CATV utility] services which will require the construction of new facilities. It is recognized that such facilities cannot be built without in some way affecting the physical environment where such facilities are located.

(b) It is essential in the public interest to minimize any adverse effect upon the environment and upon the quality of life of the people of the state which such new facilities might cause.

(c) Present laws and practices relating to the location of such utility facilities should be strengthened to protect environmental values and to take into account the total cost to society of such facilities.

(d) Existing provisions of law may not provide adequate opportunity for individuals, groups interested in conservation and the protection of the environment, state and regional agencies, local governments and other public bodies to participate in any and all proceedings before the public service commission of Nevada regarding the location and construction of major facilities.

2. The legislature, therefore, hereby declares that it is the purpose of NRS 704.820 to 704.900, inclusive, to provide a forum for the expeditious resolution of all matters concerning the location and construction of electric, gas, telephone, telegraph [,] and water [and CATV transmission] lines and associated facilities.

Sec. 8. NRS 704.855 is hereby amended to read as follows:

704.855 1. "Public utility" or "utility" includes those public utilities [as] defined in NRS 704.020 [,] and any oil pipeline carrier [as] described and regulated under chapter 708 of NRS . [, and any CATV company as defined in NRS 711.030.]

2. "Public utility" also includes any plant or equipment within this state used directly or indirectly for the generation and transmission of electrical energy, except plants or equipment used to generate electrical energy that is wholly consumed on the premises of and by the producer thereof.

Sec. 9. NRS 704.860 is hereby amended to read as follows:

704.860 "Utility facility" means:

1. Electric generating plants and their associated facilities;
2. Electric transmission lines and transmission substations designed to operate at 200 kilovolts or more, and not required by local ordinance to be placed underground when constructed outside any incorporated city;
3. Gas transmission lines, storage plants, compressor stations and their associated facilities when constructed outside any incorporated city;

4. Telephone [,] and telegraph [and CATV] equipment buildings, their associated facilities and the sites thereof, when constructed outside any incorporated city;

5. Water storage and transmission facilities; and

6. Sewer transmission and treatment facilities.

Sec. 10. Chapter 709 of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. The governing bodies of towns, cities or counties may regulate community antenna television companies which are located within their respective jurisdictions to ensure that the companies provide just and reasonable rates and charges for services without unjust discrimination, undue preferences or advantages, or unfair competitive practices.

2. As used in this section:

(a) "Commission" means the public service commission of Nevada.

(b) "Community antenna television company" means any person or organization which owns, controls, operates or manages a community antenna television system. The term does not include:

(1) A telephone, telegraph or electric utility regulated by the commission in a case where it merely leases or rents to a community antenna television company wires or cables for the redistribution of television signals to or toward subscribers of such community antenna television company; or

(2) A telephone or telegraph utility regulated by the commission in a case where it merely provides communication channel service under published tariffs filed with the commission to a community antenna television company for the redistribution of television signals to or toward subscribers of such community antenna television company.

(c) "Community antenna television system" means any facility within this state which is constructed in whole or in part in, on, under or over any highway or other public place and which is operated to perform for hire the service of receiving and amplifying the signals broadcast by one or more television stations and redistributing such signals by wire, cable or other means to members of the public who subscribe to such service.

(d) "Facility" means all real property, antennae, poles, wires, cables, conduits, amplifiers, instruments, appliances, fixtures and other personal property used by a community antenna television company in providing service to its subscribers.

Sec. 11. NRS 37.010 is hereby amended to read as follows:

37.010 Subject to the provisions of this chapter, the right of eminent domain may be exercised in behalf of the following public uses:

1. Federal activities. All public uses authorized by the Government of the United States.

2. State activities. Public buildings and grounds for the use of the state, the University of Nevada and all other public uses authorized by the legislature.

3. County, city, town and school district activities. Public buildings and grounds for the use of any county, incorporated city or town, or school district; reservoirs, water rights, canals, aqueducts, flumes, ditches or pipes for conducting water for the use of the inhabitants of any county, or incorporated city or town, or for draining any county, or incorporated city or town; for raising the banks of streams, removing obstructions therefrom, and widening, deepening or straightening their channels; for roads, streets and alleys, and all other public uses for the benefit of any county, incorporated city or town, or the inhabitants thereof.

4. Bridges, toll roads, railroads, street railways and similar uses. Wharves, docks, piers, chutes, booms, ferries, bridges, toll roads, byroads, plank and turnpike roads, roads for transportation by traction engines or road locomotives, roads for logging or lumbering purposes, and railroads and street railways for public transportation.

5. Ditches, canals, aqueducts for smelting, domestic uses, irrigation and reclamation. Reservoirs, dams, water gates, canals, ditches, flumes, tunnels, aqueducts and pipes for supplying persons, mines, mills, smelters, or other works, for the reduction of ores, with water for domestic and other uses, or for irrigating purposes, or for draining and reclaiming lands, or for floating logs and lumber on streams not navigable.

6. Mining, smelting and related activities. Mining, smelting and related activities as follows:

(a) Mining and related activities, which are recognized as the paramount interest of this state.

(b) Roads, railroads, tramways, tunnels, ditches, flumes, pipes and dumping places to facilitate the milling, smelting or other reduction of ores, or the working of mines, and for all mining purposes; outlets, natural or otherwise, for the deposit or conduct of tailings, refuse, or water from mills, smelters, or other work for the reduction of ores from mines, mill dams, natural gas or oil pipe lines, tanks or reservoirs; also an occupancy in common by the owners or possessors of different mines, mills, smelters or other places for the reduction of ores, or any place for the flow, deposit or conduct of tailings or refuse matter; also necessary land upon which to erect smelters and to operate the same successfully, including deposition of fine flue dust, fumes and smoke.

7. Byroads. Byroads leading from highways to residences and farms.

8. Public utilities. Telegraph, telephone, electric light, and electric power lines, and sites for electric light and power plants.

9. Sewerage. Sewerage of any city, or town, or of any settlement of not less than 10 families, or of any public building belonging to the state, or of any college or university.

10. Water for generation and transmission of electricity.

Canals, reservoirs, dams, ditches, flumes, aqueducts and pipes for supplying and storing water for the operation of machinery for the purpose of generating and transmitting electricity for power, light or heat.

11. Cemeteries, public parks. Cemeteries or public parks.

12. Pipe lines of beet sugar industry. Pipe lines for the purpose of conducting any and all liquids connected with the manufacture of beet sugar.

13. Pipe lines for petroleum products, natural gas. Pipe lines for the transportation of crude petroleum, petroleum products or natural gas, whether interstate or intrastate.

14. Aviation. Airports, air navigation facilities and aerial rights of way.

15. Monorails. Monorails and any other overhead or underground system used for public transportation.

16. Community antenna television companies. Community antenna television companies , [which have received a certificate of public convenience and necessity from the public service commission of Nevada,] including the right to use the wires, conduits, cables or poles of any other public utility when:

(a) It creates no substantial detriment to the service provided by the utility; and

(b) It causes no irreparable injury to the utility . [; and

(c) The public service commission of Nevada, after giving notice and affording a hearing to all persons affected by the proposed exercise of the power of eminent domain, has found that such exercise is in the public interest.]

Sec. 12. NRS 318.1194 is hereby amended to read as follows:

318.1194 1. In any area where a general improvement district has been formed which exercises the powers conferred by NRS 318.-1192, in a county having a population of less than 100,000, no franchise may be granted under NRS 244.185, 266.305, 268.085 and 269.125 [and no certificate of public convenience and necessity may be issued under chapter 711 of NRS,] unless approved by the qualified electors of such district.

2. The board of county commissioners of the county where such a district is located shall order that the question of approval of the franchise [or certificate] be voted upon by the qualified electors of such district not less than 30 days nor more than 90 days after the franchise is approved by the county commissioners . [or notice is received of approval by the city council or of readiness to issue the certificate by the public service commission of Nevada.] If no regular election is to be held within the period prescribed in this subsection, the board of county commissioners shall provide for a special election; otherwise, the vote shall be held at the same time as the primary or general election. The

general election laws of the state apply to any special election held under the provisions of this section.

Sec. 13. NRS 318.1193 and NRS 711.010 to 711.180, inclusive, are hereby repealed.

SUMMARY--Requires competitive bidding on certain projects of public utilities. (BDR 58-123)

Fiscal Note: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

AN ACT relating to public utilities; requiring competitive bidding on certain projects; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND
ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 704 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 4, inclusive, of this act.

Sec. 2. 1. Any public utility which is subject to the jurisdiction of the commission shall award contracts or agreements for the construction or extension of its plant, facilities or system which exceed \$2,500 in any calendar year, to the lowest responsible bidder, after a public offering has been made and after advertisement and notice of the offering have been given.

2. The commission shall prescribe regulations governing the advertisement, notice and public letting of any contract described in this section.

3. As used in this section, "responsible bidder" means any bidder on a contract which, considering its financial responsibility, experience and the adequacy of its equipment, has the ability to complete performance of the contract.

Sec. 3. The commission may excuse a public utility from competitive bidding for contracts which by their nature are not adapted to competitive bidding, including but not limited to:

1. Items which may be acquired only from a sole source;
2. Contracts for professional services;
3. Equipment which, by reason of the training of the personnel or of any inventory of replacement parts maintained by the utility, is compatible with existing equipment; and
4. Contracts for interstate or intrastate carriage of persons or property with a common or contract carrier at the rates set forth in the officially approved tariff of that carrier.

Sec. 4. 1. If the chief executive officer of the public utility determines that an emergency exists which affects the public health safety or welfare, a contract or contracts necessary to contend with the emergency may be let without competitive bidding. If emergency action is taken by the chief executive officer, he shall report it to the commission at its next regularly scheduled meeting

2. As used in this section, an "emergency" is a situation which:
(a) Results from the occurrence of a disaster such as, but not limited to, fire, flood, hurricane, riot, power outage or disease;
or

(b) May lead to the impairment of the health, safety or welfare of the public if not immediately attended to.

SUMMARY--Supports adoption by department of energy of stricter standards of energy conservation in new construction.
(BDR 176)

CONCURRENT RESOLUTION--Supporting the adoption by the department of energy of stricter standards of energy conservation in the construction of new buildings.

WHEREAS, The recent increases in the cost of energy to customers of public utilities have clearly demonstrated the need for conservation of energy and the desirability of resorting to untapped and alternative sources of energy; now, therefore, be it

RESOLVED BY THE OF THE STATE OF NEVADA, THE
CONCURRING, That the legislature hereby supports the adoption by the department of energy of stricter standards for the conservation of energy to be applied in the construction of new buildings.

SUMMARY--Encourages local governing bodies to adopt building and subdivision regulations which promote the use of alternative sources of energy. (BDR 177)

CONCURRENT RESOLUTION--Encouraging local governing bodies to adopt regulations for the construction of buildings and the subdivision of land which will promote the use of alternative sources of energy.

WHEREAS, The recent increases in the cost of energy to customers of public utilities have clearly demonstrated the need for conservation of energy and the desirability of resorting to untapped and alternative sources of energy; now, therefore, be it

RESOLVED BY THE OF THE STATE OF NEVADA, THE
CONCURRING, That the legislature hereby encourages the local governing bodies of this state to adopt regulations concerning the construction of buildings and the subdivision of land which will promote the use of solar and geothermal energy and other forms of alternative sources of energy.

SUMMARY--Encourages public service commission to provide incentives for conservation of energy and use of renewable energy resources. (BDR 178)

CONCURRENT RESOLUTION--Encouraging the public service commission to provide incentives to customers of public utilities to conserve energy and to use renewable energy resources.

WHEREAS, The recent increases in the cost of energy to customers of public utilities have clearly demonstrated the need for conservation of energy and the desirability of resorting to untapped and alternative sources of energy; now, therefore, be it

RESOLVED BY THE OF THE STATE OF NEVADA, THE
CONCURRING, That the legislature hereby encourages the public service commission to provide incentives to customers of public utilities to conserve energy and to use renewable energy resources by reducing charges for the extension of lines to structures which meet high standards for the conservation of energy; and be it further

RESOLVED, That the legislature hereby encourages the public service commission to provide policies for the conservation of energy which do not discourage the use of renewable energy resources; and be it further

RESOLVED, That the legislature hereby encourages the public service commission to require public utilities to adopt policies in structuring rates and in managing demands for energy which will obtain the most beneficial use of existing facilities.

SUMMARY--Encourages public utilities to investigate alternative sources of energy and to spread energy demand to reduce need for new plant construction. (BDR 179)

CONCURRENT RESOLUTION--Encouraging public utilities to investigate alternative sources of energy and to examine the feasibility of spreading energy demand to reduce the need for construction of new power generating plants.

WHEREAS, The recent increases in the cost of energy to customers of public utilities has clearly demonstrated the need for conservation of energy and the desirability of resorting to untapped and alternative sources of energy; now, therefore, be it

RESOLVED BY THE OF THE STATE OF NEVADA, THE
CONCURRING, That the legislature hereby encourages public utilities to investigate the use of alternative sources of energy, such as geothermal power, when planning new power generating facilities; and be it further

RESOLVED, That the legislature hereby encourages public utilities to examine the feasibility of spreading the demand for energy from times when that demand has historically been highest to times when it has been lowest in order to reduce demands for power at times of peak use and to serve as an alternative to the construction of new power generating facilities.

SUMMARY--Urges public utilities to lend money to customers for insulation. (BDR 262)

CONCURRENT RESOLUTION--Urging public utilities in the State of Nevada to lend money to customers for purposes of improving insulation of homes.

WHEREAS, The recent increases in the cost of energy to customers of public utilities has clearly demonstrated the need for conservation of energy; and

WHEREAS, Energy loss from homes is increased because of inferior insulation or construction; now, therefore, be it

RESOLVED BY THE OF THE STATE OF NEVADA, THE CON-
CURREN, That public utilities in the State of Nevada are urged to lend money to customers for purposes of improving insulation and increasing energy conservation in homes; and be it further

RESOLVED, That such loans be made without a charge for interest or at a low rate of interest.