

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Seventy-Seventh Session  
February 27, 2013**

The Committee on Commerce and Labor was called to order by Chairman David P. Bobzien at 1:34 p.m. on Wednesday, February 27, 2013, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [nelis.leg.state.nv.us/77th2013](http://nelis.leg.state.nv.us/77th2013). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman David P. Bobzien, Chairman  
Assemblywoman Marilyn K. Kirkpatrick, Vice Chairwoman  
Assemblywoman Irene Bustamante Adams  
Assemblywoman Maggie Carlton  
Assemblyman Skip Daly  
Assemblywoman Olivia Diaz  
Assemblyman John Ellison  
Assemblyman Jason Frierson  
Assemblyman Tom Grady  
Assemblyman Ira Hansen  
Assemblyman Crescent Hardy  
Assemblyman James W. Healey  
Assemblyman William C. Horne  
Assemblyman Pete Livermore  
Assemblyman James Ohrenschall

**COMMITTEE MEMBERS ABSENT:**

None



**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Kelly Richard, Committee Policy Analyst  
Matt Mundy, Committee Counsel  
Leslie Danihel, Committee Manager  
Linda Conaboy, Committee Secretary  
Olivia Lloyd, Committee Assistant

**OTHERS PRESENT:**

John Griffin, representing Nevada Advanced Practice Nurses Association  
Susan VanBeuge, Legislative Liaison, Nevada Advanced Practice Nurses Association  
Martha Drohobyczer, Private Citizen, Las Vegas, Nevada  
Mathew Khan, President, Nevada Advanced Practice Nurses Association  
Robin Titus, M.D., representing Nevada Academy of Family Physicians and Nevada State Medical Association  
Teresa Carroll, Private Citizen, Las Vegas, Nevada  
Randy Idler, M.D., representing Nevada State Society of Anesthesiologists  
Tony Sanchez, representing NV Energy  
Susan Fisher, representing Valley Electric Association, Inc.  
Curt Ledford, General Counsel, Valley Electric Association, Inc.  
Dagny Stapleton, representing Nevada Rural Electric Association  
Clay Fitch, representing Nevada Rural Electric Association  
Debra Gallo, representing Southwest Gas Corporation

**Chairman Bobzien:**

[The roll was called, and there was a quorum.] We will open the hearing on Assembly Bill 170 and welcome our colleague Assemblywoman Carlton to the table.

[The Chairman turned the gavel over to Vice Chairwoman Kirkpatrick.]

**Assembly Bill 170: Revises provisions relating to the advanced practice of nursing. (BDR 54-778)**

**Assemblywoman Maggie Carlton, Clark County Assembly District No. 14:**

Many people have worked on this bill and know it intimately. I have worked on licensure issues since 1999. It is disconcerting to know that the health care professional from whom you are seeking treatment may not be qualified. Therefore, it is the duty of our Nevada boards to protect the public and to regulate these professions. I am proud of the State Board of Nursing and all of the work it has done. This bill contains clean-up language; it is not a simple bill. I have heard that if we doubled the number of practicing physicians tomorrow, we would still not have enough doctors to do primary care in our state. That does not include the newly eligible people we will attempt to serve once the Affordable Care Act is fully implemented.

I had some concerns about this bill; however, I experienced some health care issues, and the person who diagnosed me was an advance practice nurse (APN) who referred me to specialists, all of whom did an excellent job. The system worked for me. I do not see that the changes in A.B. 170 change that system, and I believe it will still work for our patients, families, and constituents who face health care issues.

**John Griffin, representing Nevada Advanced Practice Nurses Association:**

I am here in support of A.B. 170. We have an army of nurses here today, as it is Nurses Day at the Legislature.

**Susan VanBeuge, Legislative Liaison, Nevada Advanced Practice Nurses Association:**

I am a nurse practitioner and I am here to testify in support of A.B. 170 on behalf of the 350 members of the Nevada Advanced Practice Nurses Association. I am a certified nurse practitioner as well as an assistant professor of nursing at the University of Nevada, Las Vegas (UNLV); however, my testimony today does not represent UNLV. I am here as a citizen.

The provisions in this bill will allow Nevadans to gain access to primary care provided by nurse practitioners, and it will offer safe, appropriate, competent, and effective health care, all delivered by Nevada nurse practitioners who have been caring for the people in our state for 30 years. Provisions in this bill will also allow us to change our name from advanced practitioner of nursing to advanced practice registered nurse (APRN). You will see that in the language throughout the bill.

This is language that will keep us in concurrence with the rest of the United States, so that we all have the same title. The other provision changes a certificate of recognition to a license as a nurse practitioner in Nevada.

The bill would allow the 790 nurse practitioners in Nevada to provide care within the full scope of their license and education. Of the states, Nevada ranks 46th in the number of primary care providers. This acute health care provider shortage is felt daily by our patients and providers in all parts of the state. In December 2012, the National Governors Association published a report calling on states to consider easing practice restrictions, and to encourage greater nurse practitioner involvement in the provision of health care. Utilization of nurse practitioners has the potential to increase access to health care, particularly in the underserved areas. In 2010, the nonpartisan Institute of Medicine of the National Academies recommended that nurses play a critical role in responding to the increased demand of patient needs that is expected under the Affordable Care Act.

In Nevada, it is estimated that an additional 280,000 people will be seeking primary care in January 2014, a number that is expected to rise. Nurse practitioners receive formal academic preparation as nurses with a baccalaureate degree in nursing before they enter graduate school. Nurse practitioners are registered nurses with training in education and clinical practice, and they also have experience dealing with patients. Nurse practitioners all have master's degrees, and many are prepared for their doctoral degrees. Nurse practitioners are patient-population focused as they enter a program of study, either as family nurse practitioners or pediatric nurse practitioners. Their time and preparation is concentrated on the clinical area of practice, rather than on a generalized practice.

In Arizona, nurse practitioners were given full-practice authority in 2001. A study provided by the Arizona Rural Health Workforce Trend Analysis in 2011 reports a 52 percent increase in nurse practitioners, or 782 new nurse practitioners, between 2002 and 2007. This happened directly after the law changed, with the biggest increase in the rural areas. This increase, just in the rural areas, totaled 127 nurse practitioners giving care to patients who need it the most.

States surrounding us have proven track records as well. New Mexico recently celebrated 20 years of full-practice authority. Utah, Idaho, Oregon, Washington, Colorado, Wyoming, Alaska, and Hawaii also saw their laws change, while Idaho and New Mexico were the first states to give nurse practitioners full-scope practice. This illustrates that independent spirit we all have here in the West; however, current requirements keep potential providers from coming to our state. For example, students who attend nurse practitioner programs in Nevada often leave for other, less restrictive states; they do not have to go far.

Information from the State Board of Nursing stated that 13 percent of graduate nurse practitioners leave the state as soon as they graduate. This means these potential providers, citizens, taxpayers, and highly educated people choose other states in which to settle and work after obtaining their educations here. This is true for those who have been in practice for many years and contemplate coming here to retire or to work. If they have worked in a state where they have had full-practice authority, they do not want to come here because this is a restricted-practice state. We do not want to lose those good providers who have excellent experience.

In addition to my teaching practice, I see patients in an endocrinology practice. My patients have ailments ranging from diabetes to thyroid problems to hypertension. They know me as their provider, and they rely on my clinical skills to assist them with their plans of care. I work with a wonderful physician who is supportive of my practice and what I do. When I discussed this legislation with him and showed him the data, he asked me why we are still having this discussion. He encouraged me to press on with this.

We have a wonderful and collegial relationship. We discuss clinical cases. If I have a question, I ask him, and if he has a question about something in my realm of expertise, he asks me. If this statute changes, this will not change our relationship; we will continue to practice in the collegial fashion that we have previously. I would like to ask this committee to consider A.B. 170.

**Vice Chairwoman Kirkpatrick:**

Are there any questions? [There were none.]

**Martha Drohobyczer, Private Citizen, Las Vegas, Nevada:**

I am here to testify on my own behalf. I am not representing any group. I have a master's of science degree in nursing, concentrating on psychiatry, and a post-master's certificate as a nurse midwife. I am nationally certified in advanced practice in psychiatry and as a nurse midwife in Las Vegas. In 2009, Lyon County was named the third-most economically stressed county in the United States. In 2010, I was asked to visit Lyon County due to the doubling of their suicide rate from 2008 to 2009, a rate that was twice the national average. The purpose of the visit was to assess the mental health needs of Lyon County and to assess if an advanced practice nurse could be of assistance in providing mental health care to this population.

That advanced practice nurse met with Lyon County Sheriff Veil, Assemblyman Grady, a clinic director from Yerington, and a group of Lyon County citizens to discuss the problem of lack of care for citizens suffering emotional or mental illness. The severely mentally ill or suicidal patients lack

access to care in Lyon County. Currently, a person in need of urgent psychiatric care is picked up by the sheriff and placed in the jail for safety reasons until the sheriff or deputy can transport him or her safely to Reno or Sparks. This detention may take one or two days until the sheriff or a deputy can make the transport. Recently, I checked with the jail and discovered there is still a one- to two-day wait for transport to Reno or Sparks. The roundtrip from Lyon County to Reno is equivalent to someone in Las Vegas driving to Los Angeles to receive care. In addition, women in Lyon County often forego preventative health services due to lack of access to health care.

The APN in question was offered a clinic site, a medical assistant, a computer system, and a receptionist at no charge if she would give care to the women of Lyon County. However, due to the lack of a collaborating physician in the area, Lyon County and other areas in rural Nevada cannot avail themselves of advanced practice nurses to assist in easing some of their need for health care and preventative services.

The U. S. Department of Veterans Affairs (VA) has determined that advanced practice nurses are safe, competent, and effective in administering care to our men and women who have given service to our country. Advanced practice nurses at the VA practice to the full extent of their education and training, and are full partners in giving health care to our veterans, along with physicians and other health care providers. The U.S. Department of State has nurse practitioners to give care to department staff in embassies and consulates, in many large and small countries, without the collaboration of a physician. They make decisions on the health care of some of our most high-profile and esteemed citizens. They can even be named chief medical officers for some State Department posts without supervision or the collaboration of a physician. Citizens in some of our most far-flung countries have access to health care at our consulates and embassies. Our veterans have access to health care from advanced practice nurses throughout the United States and in the Philippines and American Samoa, all without the supervision and collaboration of a physician.

Yet the citizens of Lyon and other counties like it suffer severe health problems because of the lack of access to care, some of which could be eliminated by the presence of an advanced practice nurse. Does this sound fair to the citizens of Lyon County? Does this sound fair to the citizens of Nevada? I urge you to pass A.B. 170. This bill is not about us becoming "junior doctors and physicians" and not referring patients to physicians. It is about access to care by advanced practice nurses, and others, working to the full extent of their educations and training to provide care and services to the citizens of Nevada.

**Vice Chairwoman Kirkpatrick:**

Mr. Griffin, if you would like to go ahead, and we will take questions at the end.

**John Griffin:**

If the Committee is looking through the material we have submitted, you will note that we have submitted many letters and emails of support ([Exhibit C](#)). We have also provided copies of studies and data analysis. What the studies show is that every state that has allowed this practice to go forward—about half the states in America—it worked as advertised. As far as I am aware, there is not a state that has passed this legislation that has experienced problems or concerns to the point that it needed to be repealed. Every state that has done this has left it in place. It must mean it has value, it has success, and it has merit. When you compare Nevada's access to care along with some of the other challenges we face, it is hard to imagine how Nevada could not benefit from this legislation. It is proven, it is effective, it is safe, and it improves the quality of care, as well as the access to and cost of that care.

We had a few interested parties approach us with questions about whether we will consider additions or changes to the bill. The answer is yes, we would consider adding an amendment or other language requiring advanced practice nurses to maintain individual and separate insurance. In nearly all instances, we already maintain that insurance, and we are happy to codify what is existing practice with an insurance policy. We have been approached with other questions and comments, and we are happy to collaborate with anybody who wants to strengthen this program.

**Assemblyman Horne:**

I need some clarification on liability insurance. Are you saying nurse practitioners currently provide their own liability insurance, but they are not obligated to do so per statute? Are they under a physician's insurance?

**Mathew Khan, President, Nevada Advanced Practice Nurses Association:**

Many nurse practitioners have their own liability insurance, and if they are working under a physician's practice, that is in addition to their insurance. Many of our nurse practitioners voluntarily purchase insurance themselves because they feel it is the right thing to do.

**Assemblyman Hardy:**

Do APNs have continuing education requirements each year?

**Mathew Khan:**

Yes, we have continuing education credits. If you recall, last session, a law was passed requiring national certification through an organization that requires a significant number of continuing education credits to maintain it. In order to maintain certification, we have to pursue continuing education credits.

**Assemblywoman Bustamante Adams:**

Ms. VanBuege, you said the profession is a collaboration between yourself and your colleague. What happens when there is a conflict and how do you resolve it?

**Susan VanBeuge:**

In my practice, when I discuss a patient with my collaborating physician and we disagree, we will consult our literature and the clinical practice guidelines. In addition, we will go online to look at those guidelines to determine what is best for the patient. Between professionals, we look at what the standard of care is and determine what the standard practice is. I have not experienced conflict when deciding what plans of care should be.

**Assemblyman Livermore:**

There is a quote from the Nevada State Medical Association on the Nevada Electronic Legislative Information System (NELIS) making reference to "the elimination of a written practice agreement" ([Exhibit D](#)). I could not find that on this bill. Is that a requirement that we can anticipate if this bill passes?

**John Griffin:**

I believe the provision to which you are referring is contained in multiple sections. It is a regulation that flows from the statute. For example, on page 4 of the bill, section 6, lines 27 through 30, it points out the elimination of the protocol that would be required between an advanced practice nurse and a collaborating physician. I assume this is the issue to which they are referring.

**Assemblyman Livermore:**

This bill will strike that process, am I correct? Would this cause a concern for patients who seek services from APNs?

**Mathew Khan:**

No, in fact, this will increase access to health care services that many patients now do not have.



**Assemblyman Livermore:**

I understand, but that is not my question. By eliminating this written practice agreement, as described on page 4, lines 27 to 30, is that the best practice? I believe most physicians should review a patient's charts and courses of treatment. Will this eliminate that?

**Vice Chairwoman Kirkpatrick:**

I have a question along those lines as well. On page 4, lines 27 through 30, and on page 28, lines 23 through 34, the protocol is removed, which the regulations adopted in September 2012 stipulate you must have. Is that why it is being removed? I am trying to help Assemblyman Livermore get an answer to his question, but these regulations from September are bothering me.

**John Griffin:**

Yes, that is what it says. What this stipulates, and what this bill is trying to do, is to define what an advanced practice nurse (APN) is allowed to do. Page 4, section 6, lines 16 through 18, defines that. They are currently trained, licensed, and authorized to do them. The provision, which we are striking, is the oversight of a collaborating physician. It is the same thing that many other states have done, which is to let them do what they are trained and authorized to do without having to do so under the auspices of a collaborating physician.

**Assemblyman Livermore:**

The written practice agreement is oversight by a physician who manages and watches, making sure the patient receives the proper performance by an APN. What I hear you telling me is the proposed amendment will strike that oversight.

**John Griffin:**

I do not agree with how you characterize it; however, yes, in essence, it would strike the oversight. You call it oversight and use some words we do not agree with, such as oversight, control, supervision. I do not think, in many instances, it is that level of relationship. It is not parent-child. I would disagree with some of the words you have used, but yes, it does strike oversight, or control by a doctor.

**Assemblywoman Diaz:**

I know there is a reason why we are removing the oversight terminology. I would like you to explain how this helps a patient's health care, and how it helps an APN to better do his or her job by removing this language from the bill.

**Vice Chairwoman Kirkpatrick:**

Assemblywoman Diaz is correct. We do not do your job, but we are responsible for writing legislation. I think it is appropriate that the Committee understand the relationships involved here.

**Martha Drohobyczer:**

I would like to clarify what the collaborative agreement is. Collaboration, for us, is having a person of record with whom to consult. There are things listed we can do on our own; for other things we might refer or ask for consultation. We are not being supervised, because we work to the full extent of our educations and scope of practice. This is not a change in our scope of practice. If this passed today, we would not do anything differently tomorrow, but without this collaborative agreement or language, we will be able to move into urban, rural, or even frontier areas in Nevada. With that agreement, we are tied to a particular person and site.

Even though we have an agreement with a particular physician, we often consult other physicians. If I have a patient who has a rash, I would refer that person to a dermatologist, not to the obstetrician/gynecologist who is my collaborating physician. If I have someone who has a suspicious mass in her breast, I would refer her to a radiology center. If necessary, I would then refer that person to an oncologist or surgeon. It does not mean you get your marching orders from that particular person, or that they look at everything you do, but it is someone who, if needed, would agree to be your consultant or referring physician. We would not be supervised. That is not the nature of the agreement.

**Assemblywoman Diaz:**

What I am attempting to understand is why, if you can practice now without direct supervision, is the removal of this language necessary? I need more in-depth information as to what the relationship between an APN and a doctor really is. There is a layer we are still not understanding.

**Martha Drohobyczer:**

In my practice, there is no physician, so it is not saying we cannot do our jobs alone. A part of this is historical. When APNs or nurse practitioners began, about 40 years ago, the level of education was not the same. Over the years, our educations have expanded, and our abilities have expanded along with our training. We do extensive training. In my practice, there is not a doctor there to oversee me, but if I examine someone and they have a mass in their abdomen, I would refer that patient. My collaborating physician is a male. Occasionally, I have female patients who do not want to see a man. I am not tied to a written agreement that stipulates that I have to refer to a particular

person. Often, I take into account their insurance, where they live, or if they have a gender preference. In the profession's infancy, there was more supervision, but over time we have become a proven product, and we do not now need that oversight.

Sometimes physicians may feel uncomfortable with the idea and feel they let APNs loose on the streets. Some physicians may have that opinion, but many do not. It does not mean that we are an inferior product. I would still call certain physicians with whom I have relationships. None of that will end.

**John Griffin:**

You just heard there is a relationship between Martha Drohobyczer and a physician who is not present in Lyon County, with whom she is collaborating. What has not been mentioned is that there is a financial aspect to this too. Martha pays the doctor who is her collaborating physician and who may not be in the vicinity where she is treating her patients.

**Assemblyman Healey:**

I have had communication about this topic, about monetary transactions taking place between the collaborating doctor and the APN. Is that what this becomes in that relationship—merely a signature as opposed to any kind of oversight?

**Mathew Khan:**

Unfortunately, sometimes that is the impetus. A physician sees a monetary gain, and of course, they may not want to get rid of this and forfeit that money. Many of the people in the rural areas are hard hit. I have had several nurse practitioners approach me to tell me they have had to close their practices in rural areas because they could not afford the money for the collaborative agreement.

**Assemblyman Healey:**

I have received amazing services throughout the years from APNs and I want to thank you.

**Assemblyman Hansen:**

My older son is a third-year medical student at University of Nevada, Reno (UNR), while his wife is getting her nurse practitioner license. We have had an interesting fight about this. I have received many emails in favor of this bill, with one in opposition from my son.

If this bill is approved, will you be required to get insurance or a bond? As long as that is the case, I have no problem with this because that provides a strong financial incentive before you are allowed to practice. If that is the case, I like this bill. If not, that may be something you want to look into.

**Martha Drohobyczer:**

I have been an APN for 30 years, and I carry the same amount of malpractice insurance that physicians carry—more than \$3 million. Most of us who practice in facilities or in hospitals are required to have that level of insurance in our names. If we accept third-party-payer funds, we are required to carry that amount. We do not have any less insurance than a physician.

**Assemblyman Hansen:**

Is this mandatory?

**John Griffin:**

To reiterate, we have had expressed concerns that we maintain an insurance and bonding capacity. Whatever safeguards this Committee feels are necessary, we are happy to add.

**Assemblyman Horne:**

Let us draw some comparisons. I have seen paralegals who cannot be distinguished from attorneys. They are very competent and would not knowingly commit any malpractice. Will you be practicing medicine on your own and is this something that we want to do?

**John Griffin:**

In the comparison Assemblyman Horne gave, let us compare apples to apples. A paralegal can practice, under current law, within a law firm, or can do certain work outside a law firm, independently. That paralegal is not license-controlled; there is no oversight by the Board of Bar Examiners that governs attorneys.

In this case, you have the Nevada State Board of Nursing and the National Council of State Boards of Nursing (NCSBN). The levels of certification oversight, at both the federal and state levels, far exceed what you are going to get at the lawyer/paralegal level. Another example is registered agents, who form corporations and do corporate filings, much like lawyers have done in the past, before the law changed in 2003. There are some good ones and there are some bad ones, as in every industry. Those registered agents are no longer controlled by oversight from the state bar.

There is probably not another group of people that has as much oversight as other apples-to-apples comparisons that we are talking about.

**Vice Chairwoman Kirkpatrick:**

We will now move to the opposition.

**Robin Titus, M.D., representing Nevada Academy of Family Physicians and Nevada State Medical Association:**

I am the current president of the Nevada Academy of Family Physicians as well as the rural member of the Nevada State Medical Association's executive board. I have been a rural family practice doctor for nearly 30 years in Smith Valley, and I am the Lyon County Health Officer. I am married to the sheriff of Lyon County. I have a nurse practitioner in my office, because we need all of the health care professionals we can gather to provide much needed care to our state. I acknowledged Nurses Day today. I started my career as a nurse's assistant in Reno before I went to medical school. I know rural health care in Nevada.

Assembly Bill 170 would redefine nurse practitioners from the practice of nursing to a broader category of advanced practice registered nurses, which includes APNs and any registered nurse (RN) with an approved specialty certification. The bill would also remove the requirement that a nurse practitioner have a written practice agreement with a licensed physician. While the Nevada State Medical Association strongly supports the professional working relationship with nurses, we have to disagree with this bill.

We oppose the elimination of the written practice agreement. [Read from prepared text ([Exhibit D](#))]. We also have concerns about the implications of the expansion and definition of advanced nursing. Nevada physicians, physician's assistants, nurses, and other health care professionals have long worked together to meet patients' needs. For many reasons, this has resulted in a team approach with the physician as the team leader. Everyone who has studied the future of health care systems agrees that it is going to be challenging to improve and refine these integrated, professional teams and use them even better in the future, especially in the face of growing shortages and supplies of both physicians and nurses. The system is now confronted with an increased demand for care.

The current and predicted future shortages of both physicians and nurses will continue, and by all estimates, we are going to have a shortage of 260,000 nurses and 160,000 doctors by 2015. Since Nevada is, and has been for a generation, at or near the bottom of the national rankings regarding its medical workforce, these national shortages are going to challenge our state more than many others. We believe that Nevada's physicians and nurses working together can bridge this transitional gap, but it is going to be made more challenging by A.B. 170. In addition to professional workforce

demographics and the growth of patient demand, we will have a shortage because of aging baby boomers and the federally driven health care delivery system.

As physicians, we believe that training and education matter. We have spent much of our professional lives committed to that belief while acknowledging, rather than denying, the differences in our education and training. Physicians receive a minimum of seven years postgraduate training, with at least 10,000 hours of clinical experience. According to the nurses' report, nurse practitioners get two to four years of training and about 500 to 720 hours of patient care training. That is excellent training, but it is different. Patients are best served when each member of the health care team contributes in ways that are based on his or her training. While the public has a high opinion of all health professionals, the American Medical Association conducted a national survey in 2012, showing that patients expect a coordinated approach to health care, with a physician leading the health care team. That is not surprising. The public wants us to do better by coordinating more extensively in patient-centered medical homes, accountable care organizations, and other integrated delivery systems. They want to make sure that we are held accountable, based on our training and our role.

To achieve these expectations, physicians, physician's assistants, nurses, and all other health care professionals must work together in a coordinated, efficient manner to ensure that patients have the highest quality of health care. Eliminating the collaborative practice agreements as provided in A.B. 170 promotes further isolation and antonymous professionals in a fragmented health care system. Removing the requirement does not produce any more advanced practice nurses than we have now. It makes the ones we have more independent, and possibly more isolated.

The potential proliferation of specialty-based nurse practitioners under the virtually unlimited APN designation would multiply this tendency. In spite of what you may have heard earlier, the proponents believe that removing the requirement that nurse practitioners have written practice agreements with a licensed physician will increase patient access to primary care services. We ask, how? In reality, nurse practitioners across the country and in Nevada are choosing to work in more lucrative subspecialties, which are more dependent upon working with a physician specialist. Since 2004, the number of nurse practitioners choosing primary care has dropped by 40 percent. A recent national study by the Robert Graham Center found that just more than half of the nurse practitioners, 52 percent nationally and 53.5 percent in Nevada, practice in primary care. [Read from prepared text (Exhibit D).]

This bill eliminates the requirement for a written collaborative agreement between the nurse practitioner and the physician, and revises the definition of advanced practice nurse practitioners and any board-certified registered nurse. In all likelihood, it will accelerate the migration of nurses from primary care to specialty care.

Most importantly, A.B. 170 does not limit APRNs' independent practices to the provision of primary care. Now, APNs and APRNs will, by definition, specialize in such areas as acute care pediatrics, cardiology, critical care, diabetes, and dermatology. The Nevada State Board of Nursing has already approved certified registered nurses as APNs, certified nurse anesthetists, nurse psychotherapists, nurse midwives, and critical care specialists. It should be expected that this expansion will continue.

Accountability and liability are issues. There will be significant challenges in providing oversight and exacting accountability that comes from the effort to sever the requirement to have a written practice agreement. With no physician agreement, the issue of accountability and legal liability for an APN and an APRN needs to be addressed. With no direct physician participation, is a nurse practitioner insured so that the accountability for patient injury is equal to that expected of a physician making the same medical diagnosis or treatment?

Requiring equal coverage for equal service, currently performed by physicians or by nurse practitioners who have a written agreement with a physician, should be considered. This becomes the case when there is a practitioner performing non-primary care services.

This bill does not improve health professional availability in rural Nevada. The proponents seem to believe that removing the requirement that nurse practitioners should have a written practice agreement with a licensed physician will increase the availability of caregivers in rural Nevada. Physician's assistants and APNs are not available in rural Nevada in numbers that are different from a physician's availability in those areas. I can testify to that. I have worked with physician's assistants and I have a nurse practitioner in my office. Nobody has been knocking on my door, and I have not turned them away. We believe that this bill will make no difference in that area. Several maps showing the distribution of physicians and nurse practitioners indicate this ([Exhibit D](#)).

The Nevada State Medical Association values the contributions that APNs and all nurses make to the Nevada health care system. With national APN advocacy organizations advocating for bills like A.B. 170 that eliminate the team-based protocol between physicians and APNs, the Nevada State Medical Association believes that as policy makers you can serve patients best by supporting the

team-based care that makes the most of the respective education and training of family physicians, general practitioners, specialists, and APNs. To that end, the Nevada State Medical Association and the Nevada Academy of Family Physicians stand ready to assist you in your efforts to preserve the highest quality of care and protect the safety of patients. We encourage you to consider the potential damage done by the proposals in A.B. 170.

[Chairman Bobzien reassumed the chair.]

**Assemblywoman Kirkpatrick:**

I feel there is a tone here that is not helpful to discussion, and I am trying to keep an open mind given the fact that in the last 10 years I have never seen a doctor. I always see the next available person. In 2012, we approved some regulations, and nobody from your industry came to oppose them. In my mind, we were questioning definitional changes and the meaning of the changes nationally. No one opposed them, except for a few of us on the Committee in an attempt to understand why this happened. My point is, no one said anything when we changed the definition for clinical specialty persons. What is the relationship with you and APNs and registered nurses? If it is about money, that is not going to help my constituents get care, nor does it help me personally get to see my doctor.

**Robin Titus:**

First, my apologies if you think there is a negative tone. There is a negative attitude toward A.B. 170, but not toward our association with nurses and physicians, or the collaborative agreement. I do appreciate your comments about the tone of my presentation because that is not what this is about.

I have been a physician in Nevada since 1981, and I have worked with nurse practitioners, trained them, and still work with one in my office. Here is what the current rules say about a collaborative physician. As has been previously stated, we have set up guidelines in an agreement for nurse practitioners that ask about skills, qualifications, and treatments. There are treatments and patient care that a nurse practitioner can perform without seeing me. There are treatments that may require a consultation. There are others who will absolutely need a consultation with a physician, such as if a patient comes back multiple times and things are not getting better, or there are multiple medications involved. That is all her choice.

As mandated by Nevada State Board of Medical Examiners, we physicians oversee charts. Once each month, I review a certain percentage of the nurse practitioners' charts to see that I agree with the treatment and diagnosis. I then give feedback. This is not unlike the questions and answers that I have at the



hospital about my charts. There is a collaborative effort based on best-practice acts and how to take care of patients.

About financial incentive, in my experience that has never been an issue. My nurse practitioner does not pay me. I work for South Lyon Medical Center, and I have no idea what the nurse practitioner's salary is. I do not get paid to be her collaborative physician. I welcome her in my office. She is the reason I can be here today, and why I can take any time off. Likewise, I am the reason she can take time off. I think we have a good working relationship. I have never seen a physician concerned that nurse practitioners are going to take away income. There are not enough of us. You may go to a nurse practitioner because there are not enough doctors. We are so busy that in order to see patients in a timely manner, I book three weeks ahead. It is not an issue that nurse practitioners are in competition with me; we need them. We need mid-levels.

**Assemblywoman Kirkpatrick:**

Do you now provide liability insurance for nurse practitioners?

**Robin Titus:**

South Lyon Medical Center covers my liability, but I know the nurse practitioner in my office has her own liability insurance. That is a personal choice, not a mandate.

**Assemblyman Healey:**

I see a lot of specialists and I always see a nurse practitioner. I have better care and response, no offense meant, from a nurse practitioner than I do from a doctor. I bring up that point because you keep stressing that if this bill were to pass, your concern is that it will put a patient's quality of health care in jeopardy. If we were to pass this bill today, how would it change what a nurse practitioner does now? Because they would no longer need your sign-off signature for something you are probably not involved with anyway, how does that change?

**Robin Titus:**

One of the things we are looking at in family practice is a team approach, where the physician is one of the team members, and the nurses are also part of that team. It is a collaborative effort. The mandate for oversight, or lack of oversight, is our concern now. I do not think, if you pass this bill today, the nurses are going to go out and harm anybody; that is not at all what we are suggesting. What we are suggesting, for the long-term benefit of the patients of Nevada and patients in general, is that we all need some oversight. We have oversight, and we have mandated continuing medical education along with mandated questions and answers.

In this bill, there is no mandate for any of that. We are concerned about not having somebody with more expertise and more training. Being in a rural area with no oversight is a frightening thought to me. I think the persons with the best training need to be out there, and not someone who earns their minimum of 500 hours of training and then heads for rural Nevada without assistance. Not to say that the existing nurses would not call and ask questions. I am not saying they would not do that, but there is no mandate to do that. That is one of our concerns. In any field, there are professionals who have the highest standards, and there are professionals who may not have rules to follow.

**Assemblyman Livermore:**

I have served 16 years on a local hospital board, and one of the things I did for the governance of that board was to make sure to bring appropriate professionals on board. Health care is about quality. Checks and balances are there. I want to make sure the patient receives quality care.

**Assemblyman Hardy:**

Did you say nurses should carry the same type of insurance that you do?

**Robin Titus:**

I feel the nurses should carry liability insurance based on what the treatments are that they prescribe, the types of patients they see, and the risk involved.

**Assemblyman Hardy:**

If they are performing certain duties, then you are saying insurance should cover just the things they are capable of doing?

**Robin Titus:**

With any insurance, you base your insurance costs on your risk and your exposure. Certain practices have more exposure. Surgery, for example, is more risky than a non-procedure specialty.

**Assemblyman Hardy:**

We just heard testimony that other states are doing this and have gained nurses and that it has worked out better. Can you tell me why that is and why we should not do the same thing?

**Robin Titus:**

Based on statistics, we have trouble getting providers in Nevada, and this bill does not increase providers, nurse practitioners, or family practice providers in our areas of need. There is nothing in this bill that directs where the APNs or registered nurses go. It may increase the population of practitioners, but my testimony says they are dropping out of rural areas. Forty percent, if not more,

are going into specialized areas. Will this solve the primary care needs in Nevada? I doubt it.

**Assemblyman Hardy:**

But that was a subjective answer, correct?

**Robin Titus:**

An objective answer is, where is the documentation that says where they are choosing to practice?

**Assemblyman Hansen:**

We are talking about this in a manner that suggests it is a new thing. I heard testimony earlier that some of this has been around for 20 years in other states. We are concerned about the highest quality of care. You mentioned potential damage if this bill passes. If it has been in effect for 20 years in other states, what level of damage have you found in those other states if these people are allowed to do this? Has there been a substantial decline in the quality of health care in New Mexico?

**Robin Titus:**

I am not in a position to answer that.

**Assemblyman Hansen:**

It seems that this is critical. If we are arguing about theoretical things, when we have areas where people in other states have been allowed to practice this, and there is no evidence that it has caused any substantial decline in the quality of health care, it seems that would be a powerful argument.

**Assemblyman Grady:**

Dr. Titus has been our family doctor for 30 years. Dr. Titus, you practice in Smith Valley, about 30 miles from Yerington; you have been Chief of Staff at South Lyon Medical Center in Yerington, and you have a licensed practical nurse (LPN). There are, or have been, LPNs at South Lyon Medical Center. I like your team approach because I know you spend many days and nights at the medical center and also spend time at your clinics. Do you see that the team approach has worked?

**Robin Titus:**

To clarify, I do have an LPN in my office, who has worked with me for about 30 years. This issue is not the LPN issue, but it is the APN issue. This bill addresses the registered nurse (RN), and advances into different levels of care and several layers of training. Nurse practitioners are needed. They give great care, they have time to spend with patients, patients love them, and they do a

good job. Our concern is that we see no benefit for them to be independent practitioners without having the oversight of a physician. I would be interested to see the data that says we would get more rural nurse practitioners in our state if this bill passes. I question that. I do not see the data based on anything the Robert Graham Center has put out or in other data I have seen. That is our concern.

**Assemblywoman Diaz:**

I think your comparison of APNs to doctors is not correct. An APN will only practice within her scope. I do not think this bill is granting them authority as a doctor to practice in lieu of you. They will take care of duties within their scope. I think we are comparing apples to oranges, and I do not think that is fair to the APN. If APNs are diagnosing and providing treatment outside of their scope of practice currently, is there something in place to remedy this?

**Robin Titus:**

Hopefully. I did not state that I feel APNs are currently practicing out of their scope.

**Assemblywoman Diaz**

In your testimony, you do make that analogy.

**Chairman Bobzien:**

Yes, that seems to be the insinuation.

**Robin Titus:**

I want to emphasize that there would be fragmented care, as opposed to a team approach.

**Chairman Bobzien:**

Fragmented care, as in a professional who does not know how to practice within his or her scope?

**Robin Titus:**

There are a limited number of us in primary care. We need to best use our resources. One of the things we are looking at is a patient-centered medical home to improve patient access to care. We know there are not enough of us. No matter how we present the numbers, there are not enough of us. We are looking at things such as a physician to work with two to four mid-level people on a team approach. There is a shortage now, and there will be a shortage in the future.

**Chairman Bobzien:**

Is there anything in this bill that would preclude the consultation and the team approach to care?

**Robin Titus:**

Nothing precludes it, but nothing directs it.

**Assemblywoman Diaz**

Is it not ultimately the patient's decision as to who they want to care for them?

**Teresa Carroll, Private Citizen, Las Vegas, Nevada:**

I have 10 years' experience in the medical field, and I am an APN in pediatric gastroenterology in Las Vegas. Regarding educational differences that I have experienced in various schools, there is a great deal of variation and lack of consistency. With APN degrees, they do vary, depending upon the program. There may be family practice, geriatric, pediatric, or neonatal programs, and the programs can be extensively micromanaged. Those programs, which are about two and a half years in length—a fraction of a physician's education—can be customized. You can pick and choose electives and customize an education; consequently, my education is not the same as another person's.

Education is the foundation of the practice. After nearly three years, I became master's prepared. I gained the rest of my training through a collaborative practice agreement with the physician groups I work with today. I gained experience over a two-year period, which was like a residency, or a fellowship training. Working with the doctors and having them oversee what I did allowed me to craft, fine-tune, and improve upon all of those skills I gained during my formal education. With the ongoing relationship, we have crafted a protocol that gives guidance as to the types of patients that would be appropriate for my education and skill level.

That protocol can change as the skill levels improve; however, it did give me a framework. It also allowed the physicians to use me effectively, because they know what is in that framework. For example, if my area of expertise developed around a certain condition, they would rely on me and they would talk to me about patients with that condition. They would refer those patients appropriately for me to see and follow. This added a framework on both sides of the agreement, as well as a dedicated ear to me. I did not have to seek that out, as I had dedicated support throughout my training, and every day in my practice I have a dedicated set of physicians who can answer questions. They may not be on site, but they are available via cell phone, text message, or email. It is that dedicated relationship that was provided through that practice agreement, and always having the same person to talk to negates the necessity

of finding another colleague to question. I have dedicated support every day, and I know our patients benefit from that.

**Chairman Bobzien:**

Thank you. We appreciate your perspective. I believe Mr. Ellison has a question for the witnesses.

**Assemblyman Ellison:**

If a nurse practitioner is seeing a patient and she or he is not sure of a diagnosis, does she or he not have to consult a physician? A medical doctor is trained for many more years than a nurse practitioner. I am confused. In certain cases, how would a nurse practitioner know what medication to give?

**Randy Idler, M.D., representing Nevada State Society of Anesthesiologists:**

If this bill is passed, the APN can do exactly what you alluded to. There is no protocol and no requirement that they seek a higher level of care if they have a question. In fact, this bill would make that communication worse.

**Chairman Bobzien:**

How?

**Randy Idler:**

If you have a team approach, and you have a collaborative agreement and a relationship with a physician, you simply pick up a phone and ask a question. In fact, I am sure they would call.

**Chairman Bobzien:**

This is where I am confused. I will ask our legal counsel to weigh in on this. This provides for independent practice; it does not mandate it?

**Matt Mundy, Committee Counsel:**

That is correct. It does not prevent collaborative practice in the future. An APN would still be able to collaborate with a physician, if they choose to do so. Also, it authorizes independent practice; it does not mandate it.

**Randy Idler:**

I understand that. I am talking about practicality. The APN would have the option of not referring up the chain. Right now, they are required to do so.

**Assemblyman Horne:**

I need a clearer picture about what the opposition is, because I am hearing mixed messages. I heard Dr. Titus say she did not anticipate nurses practicing

outside their scope. Now, I am hearing that they can practice outside their scope.

I also heard that physicians are not always currently on site. Then I hear arguments about how we can make the bill better; however, you are positioning it as if you do not want it at all. Consequently, that is not telling me that you are looking at patient care and the delivery of health care. If you are saying that the team approach is better, that nothing in this bill precludes nurses from collaborating—even though there may be some who want to go out on their own—it seems to me that if they are true professionals, they will always practice within the scope of their practice and they will consult with a physician.

You have made some points about what is missing, what oversight is not there, and what liability needs to be present. It may be better to make those suggestions by saying if this Committee is going to make a policy change, and that APNs will have some autonomy, we believe that these things need to be addressed to cover our concerns about a lack of supervision. This is what is not coming across in the testimony. If some of those issues were addressed, would you support the independence of these nurses?

**Robin Titus:**

You bring up some excellent points. I represent many other physicians, and our main concerns are accountability, liability, and patient safety. If this bill will help solve primary care access in Nevada, that would be wonderful, and I would be happy to sit down with this Committee and the nurse practitioners who presented it and try to get the wording correct so that it helps all Nevadans.

**Assemblyman Horne:**

I appreciate your willingness to make this better, but with this bill and others, this is not going to solve the problem. I have not heard anything to tell me that this is going to make health care delivery worse, and it may solve the problem. I think it is a subjective opinion on your part when you say it will not solve anything. It might. But I have not heard anything compelling that says it will make it worse if some nurses decide to practice outside the umbrella of an overseeing physician.

**Chairman Bobzien:**

For members of the Committee, the citation related to scope of practice for APNs, *Nevada Administrative Code* (NAC) 632.255, subsection 2, paragraph (f), says, "Referral to appropriate providers of health care." That stays in place.

**Assemblyman Ohrenschall:**

I see the importance of early detection in diseases, whether it is cervical or ovarian cancer, prostate or breast cancer. I wonder if there were more professionals serving either urban or rural communities, even though the health care professional may not be a doctor, does that not increase the likelihood of early detection? Someone might survive if it is detected early, or they might need to see a specialist. If there were more people on the front lines, and if this bill makes that possible by increasing the chances of early detection, I am wondering what you think about this.

**Teresa Carroll:**

We always start out with a specialist if we feel a patient needs more care. That is a standard of care in advanced practice nursing across the board. This has nothing to do with the collaborative agreement, which I would like to testify to. Has anyone testified to the beneficial aspects of having that agreement in place? It has nothing to do with referral to a specialist. As a nurse practitioner, I have a dedicated field of people I can collaborate with who are there for me. I do not have to try to find a colleague if I have a question.

I had a toddler sent to me by a pediatrician because he felt it was a gastrointestinal problem; it turned out to be a kidney problem. I am not a nephrologist, so I called a colleague. The collaborative agreement gives me dedicated support on a daily basis. It does improve patient care. That child was taken care of much more expeditiously because I had someone I could talk to right away. The outcome, if he had not been treated properly, would have been a severe condition and eventually respiratory arrest.

**Assemblyman Ohrenschall:**

We heard Dr. Titus testify about the wait to see her. If I am going to see a health care professional, as opposed to not seeing anyone, does that not increase the chance for that key early detection?

**Teresa Carroll:**

I do not see how that question is relevant to the collaborative agreement.

**Assemblyman Ohrenschall:**

I do not see how it is not, but thank you.

**Chairman Bobzien:**

Do we have any additional questions? [There were none.] I know there are many people who would like to express their opinions. We would be happy to hear from you if you would like to communicate with us at a later time, but for the sake of moving things along, and recognizing there is another hearing



waiting to start, I will ask those of you who are in support of the bill to please stand. Those in opposition, please stand. [The majority was in favor].

[Beth Ennis, APN, submitted a prepared statement in support of A.B. 170 ([Exhibit E](#))].

[Elisa Cafferata, representing Nevada Advocates for Planned Parenthood Affiliates, offered a prepared statement in support of A.B. 170 ([Exhibit F](#))].

[Ian Curley of Rural Nevada Counseling offered a prepared statement in support of A.B. 170 ([Exhibit G](#))].

[Debra Scott of the State Board of Nursing offered a prepared statement in support of A.B. 170 ([Exhibit H](#))].

[James Schaupp, D.O., submitted a letter of opposition to A.B. 170 ([Exhibit I](#))].

[Douglas Gandy, M.D, submitted a letter of opposition to A.B. 170 ([Exhibit J](#))].

I appreciate the discussion and the potential for working through some of the concerns on this bill. We will now conclude the hearing on A.B. 170.

Before we move on, we have four Assembly Committee on Commerce and Labor bill draft requests (BDRs) to be introduced.

**BDR 54-734**—Revises provisions governing the practice of optometry. (Later introduced as [Assembly Bill 188](#).)

I will entertain a motion.

ASSEMBLYMAN FRIERSON MOVED FOR COMMITTEE  
INTRODUCTION OF BDR 54-734.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYWOMAN KIRKPATRICK WAS  
ABSENT FOR THE VOTE.)

**BDR 53-795**—Revises provisions to increase the cooperation between the Labor Commissioner and the United States Department of Labor to promote compliance with labor laws of common concern. (Later introduced as [Assembly Bill 185](#).)

ASSEMBLYWOMAN CARLTON MOVED FOR COMMITTEE INTRODUCTION OF BDR 53-795.

ASSEMBLYWOMAN DIAZ SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYWOMAN KIRKPATRICK WAS ABSENT FOR THE VOTE.)

**BDR 53-796**—Revises provisions relating to compensation. (Later introduced as [Assembly Bill 186](#).)

ASSEMBLYMAN HARDY MOVED FOR COMMITTEE INTRODUCTION OF BDR 53-796.

ASSEMBLYMAN ELLISON SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYWOMAN KIRKPATRICK WAS ABSENT FOR THE VOTE.)

**BDR 8-977**—Revises provisions governing retail installment contracts. (Later introduced as [Assembly Bill 187](#)).

ASSEMBLYWOMAN DIAZ MOVED FOR COMMITTEE INTRODUCTION OF BDR 8-977.

ASSEMBLYMAN ELLISON SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYWOMAN KIRKPATRICK WAS ABSENT FOR THE VOTE.)

**Chairman Bobzien:**

We will now hear presentations by the electric and natural gas utility companies. Good afternoon, Mr. Sanchez.

**Tony Sanchez, representing NV Energy:**

I will quickly go through my PowerPoint presentation on NV Energy ([Exhibit K](#)). NV Energy's service territory covers more than 45,000 square miles and serves 2.4 million Nevadans. We have a peak load of more than 7,100 megawatts during the heat of the summer. We operate only in Nevada, where we are the fourth-largest nongovernment, noncasino employer and the second largest taxpayer, responsible for nearly \$215 million in state and local taxes. Our company's overall economic impact is close to \$1 billion annually when you factor in our payroll, what we pay our employees, our contractors, and all that

we do with respect to Nevada's economy. We operate the NV Energy Foundation which, in 2012, contributed more than \$6 million to charities throughout Nevada using shareholder dollars.

Our most important goal is to provide our customers with clean, safe, reliable energy at predictable prices. We have a four-part energy strategy that empowers our customers through focused, energy-efficient programs, while pursuing cost-efficient energy objectives. In addition, we optimize generation efficiencies and transmission, while engaging our employees to improve processes, reduce costs, and enhance performance.

One misnomer that I often hear is that NV Energy has the highest rates in the Intermountain West. We do not have the highest rates in Nevada. [Read from presentation ([Exhibit K](#))].

With respect to commercial and industrial usage—and knowing that a priority of the Legislature and of Governor Sandoval is to develop our economy, to bring in more infrastructure, and to diversify—industrial rates are very important because that is what businesses look to when they decide whether they want to relocate to Nevada.

We are proud to say that overall, with the investment that we have made to our infrastructure over the last eight years in northern Nevada, our rates are at a historic ten-year low. In southern Nevada, they are where they were five years ago.

We generate our power through a series of natural gas units. After the Western energy crisis, our company was more than 60 percent reliant on purchased power agreements, mainly out of state, but some in state too. However, once the West had a meltdown with respect to the Enron crisis and with permission from the Public Utility Commission (PUC), we embarked on a strategy to own and operate our own plants. The benefit of that was we built highly efficient plants, incorporating new technology that resulted in 6,100 megawatts of natural gas capacity. In addition, we have close to 1,000 megawatts of coal capacity.

If you listened to President Obama's inaugural speech or his State of the Union Address, or any of the edicts coming from the U.S. Environmental Protection Agency, you know there are concerns and risks associated with coal operations. We have an obligation, under current Nevada law, to continually examine our fleet and determine how we can deliver energy to our customers in the cleanest and most economical way. This morning, the PUC instructed us to file a thorough report with respect to the future operations of our Reid Gardner

Station near Moapa. That plan is due to the Commission this summer. We look forward to working with the Legislature as well as the PUC as we deal with issues related to our coal ownership.

We also have the renewable portfolio standard (RPS). Our company was proud to own renewable energy 11 years before the RPS was passed in 1997. We have a geothermal contract in northern Nevada that we signed in 1986. Over the last 15 years, since the Legislature approved the RPS, the provisions have increased. In 2013, 18 percent of our energy will come from a combination of renewable and energy-efficiency measures. We expect to meet that standard, which we did last year, when it was 15 percent. It eventually ramps up to 25 percent by 2025. In addition, in 2009 there was a 20 percent increase in the amount of solar that we would own, which is contained in the RPS. It will move to 6 percent, a figure that we are in excess of today. We are making progress. If we do not meet these standards, the PUC has the ability to assess financial penalties against our company. [Read from presentation (Exhibit K).]

The financial penalty and the uncertainty it causes within the investment community is one of the reasons we worked with the Legislature in 2009 to gain the ability to purchase out-of-state renewables to make up for shortfalls in our Nevada capacity. We entered into a few contracts, which expired in 2012. We have no intention now of pursuing additional out-of-state contracts. We had our best year in 2012 as far as renewable projects—more than 350 megawatts of new renewables, a 50 percent increase from 2011. Eighty percent of the RPS was met utilizing in-state resources in 2012. In 2013, that figure will be 100 percent.

We have many renewable projects in development now, particularly one in Tonopah that is under construction. That will be the first solar tower with molten salt storage, meaning that we will be able to store the photovoltaic energy in a large salt tower. Once the sun sets, that energy comes out of the tower over the next three to five hours, generating well into the nighttime. It is an exciting project that we think will be the model for others in the nation. [Referred to renewable energy brochure ([Exhibit L](#)).]

As the Nevada market matures, the Western market matures too, and as technology becomes more efficient, we continue to make great strides in photovoltaic energy, while geothermal is on a downward trend. For every megawatt of renewables we put into our system, we must have a megawatt of natural gas capacity behind it, simply because renewables do not work 24/7. Solar usually works about 25 percent of the time in a 24-hour period. You have to have a reliable backup, or else when you turn on the switch, you may not have electricity. [Continued to read from presentation ([Exhibit K](#))].

We are proud of a program, started by the Legislature 12 years ago, called the Renewable Generations (Small Renewables) Program. This includes rooftop solar and small wind projects. In many areas of the state with an abundance of agricultural development, there are small hydro projects. To date, we have installed 45 megawatts in a combination of both wind and solar, spending more than \$170 million of our customers' money.

It is our customers who fund rebates to the entities entitled to receive them. These include 200 schools around the state that have collected \$81 million, many of which have photovoltaic panels on their rooftops, as do the 122 public buildings that have been beneficiaries. Overall, the program has a \$250 million fund established by the Legislature; we are about \$170 million into that. Typically, the rebates start out higher, but as the market matures, the rebates become lower, as they historically have in Nevada. This is a program that is working and providing benefits not only to the public sector but also to residential customers.

We have a project called the One Nevada Transmission Line, or ON Line, which is historic for our company. For decades, we have wanted to connect the north and the south electrically. The ON Line, which is a transmission line from Ely to Las Vegas, is scheduled to be completed before the end of 2013, and employs about 400 workers during peak construction periods. As we become electrically interconnected, we will be able to share the energy resources that we have in the south with the north. If we have excess capacity in the south, it will go north. We will be allowed to bring geothermal from the north to the south where it is needed ([Exhibit K](#)). The completion date is scheduled for the end of the year, and it looks like we will be on time.

Another of our programs is NVEnergize. Several years ago, the federal government granted us \$140 million for a project that was expected to cost nearly \$300 million to install new meters throughout the state. It is more than 90 percent complete, and we have installed more than one million meters to date. This metering system allows customers to monitor personal energy usage online and lets them dictate how much energy they wish to use. If a gas station were run like the power company, we would fill up our tanks, not pay anything at the time, and receive a bill at the end of the month. We would be able to determine how many miles we drive and perhaps cut back on usage. With our new meters, customers can see on a daily and weekly basis how much energy they have used. The program also gives tips on how to reduce energy consumption at home and allows for budgeting of energy usage. This is a game changer for us. We have had 400,000 customers sign up for this feature.

Our energy efficiency and conservation programs, which we have invested in since 2005, have allowed us to reduce our peak demand by about 450 megawatts, which is roughly comparable to building a new power plant. Due to our energy-efficient programs, we did not have to construct a new power plant. We are under way with respect to efficiency and demand-response programs, where our customers allow us to cycle off of their air conditioners at peak times. This allows us to save on power purchases during peak times in the summer. We are not 100 percent self-sufficient during peak periods.

Our company puts an emphasis on reliability as well as safety. In southern Nevada, we are close to the top in terms of the most reliable utility, while in the north we are in the top ten. This is important for our industry. It is important for the casinos and the mining industry to know that their power is reliable. We are proud of our Fort Churchill power plant near Yerington, which for the last 25 years has no lost-time accidents.

There have been press reports that indicated our earnings have increased or are at record levels. This is very positive for our customers, since we are a regulated utility in terms of how much we can earn. Ten years ago, our company had retained bankruptcy counsel, and we did not know if we were headed for bankruptcy, all because of the Western energy crisis. At that time, for us to get credit to run our company, our credit costs were high. As our utility has progressed over the last decade, we have earned investment-grade status, and we started to repay our dividend five years ago. Recently, our credit rating for our parent company, NV Energy, was substantially increased, meaning that our customers are reaping the benefits. It does not mean that because we had increased earnings that their power bills increase.

**Chairman Bobzien:**

Are there any questions for Mr. Sanchez?

**Assemblyman Livermore:**

In the last week or so there have been stories about counterterrorism concerns about infiltration of utilities. What protection do you have to make sure that your customer base is safe from terrorism?

**Tony Sanchez:**

This is an industry-wide issue in the United States. We are members of a trade group called the Edison Electric Institute, and this is their top priority this year. As Congress and the White House address new standards as to how we can protect ourselves, we recognize that the delivery of energy is where havoc can be wreaked on a city. To say we have redundant systems to protect against

cyber threats would be an understatement. We spend a lot of time watching this issue and, yes, we do receive Internet attacks. We have a high-profile division within our company examining this issue on an hourly basis.

**Assemblyman Hansen:**

In one of your slides there were comparisons with different states. Does that include all of the subsidies we have in Nevada, or is that strictly straight costs?

**Tony Sanchez:**

One slide shows residential data and one shows industrial. Those do reflect our costs. One thing to keep in mind, is that Idaho showed a low energy price because 60 percent of their power is provided through hydroelectric power. Utah is 80 percent coal, and Arizona has nuclear power. Every state has its own energy portfolio. In Nevada, we rely on natural gas followed by coal; however, we are not running our coal plants now because natural gas is so cheap. We also have renewables and energy efficiency. We are never going to get nuclear or hydroelectric power, not because of economics, but because we do not have the necessary water availability.

**Assemblyman Hansen:**

If we could drop those subsidies, how competitive can we potentially be?

**Tony Sanchez:**

We are quite competitive; more so than California and Arizona. But you have to factor in the threats to carbon regulation that we believe are very real. The White House and the U.S. Environmental Protection Agency have indicated that one way to make renewable energy more competitive with perhaps coal is to impose a carbon tax. Those carbon taxes have been proposed and they are on the table. We have to analyze them and do a risk assessment. That is what we are doing now. Keep in mind, our coal facilities from Valmy in the north, to Reid Gardner in the south, to an 11 percent interest we have in an Arizona plant, are all slated to be retired within ten years because of their ages. No one is building new coal plants; and, in fact, companies are announcing closures of their coal plants in Colorado, Georgia, Arizona, California, and New Mexico, to name a few. At the same time, we need to continue to emphasize energy-efficiency measures, and we are fortunate that the prospects for long-term, stable prices for natural gas are here with the advent of shale gas. In addition, because we invested so much in natural gas, we are reaping the benefits of our current historically low rates.

**Assemblywoman Carlton:**

I am concerned about understanding the percentages described on one of your slides. Will you please explain slide 9 to me.

**Tony Sanchez:**

In 2005, with efforts led by Jon Wellinghoff, current chair of the Federal Energy Regulatory Commission (FERC), this was added to the portfolio standard that allows that one quarter of the portfolio standard is met with energy efficiency. When the renewable standard was proposed in the 1990s, the predominant factors at that time were the reduction of carbon and stewardship of the environment. If you ask people today, it has taken on a different focus. Many people look at renewable development from an economic development and diversification perspective. Nevada, with 11 other states, recognized that until these renewables fully mature, we need to be price sensitive. There was an idea that 25 percent could be met with energy efficiency, which is the cheapest way. Not to generate a kilowatt hour is much cheaper than utilizing renewables, coal, or natural gas. This is something that saves our customers money, and when it was passed, we were on the cutting edge. Now, 11 states have adopted it.

**Assemblywoman Carlton:**

Regarding the 25 percent by 2025, about 7.25 percent of it can be attributed to energy efficiency. But you can only save so much energy before there is nothing left to save. Does that percentage need to be changed? Is it a solid number? You can only replace so many light bulbs.

**Tony Sanchez:**

This body, as well as the U.S. Congress, has mandated the use of compact fluorescent light bulbs (CFLs), so we no longer get credit for those in our energy-efficiency portfolio. Inventors and contractors are coming up with new technologies daily and will continue to identify things we have not thought of. There will always be ways to increase efficiency. You also have demand response—the ability to shape loads by compensating customers for allowing us to shut off certain portions of their electricity usage at peak times.

**Assemblyman Ohrenschall:**

Every day in Las Vegas, I drive by a new school with big photovoltaic cells on the roof. I am encouraged to see that, and I am wondering how the effort is going to get more of these in place.

**Tony Sanchez:**

California has a successful program, but money from the state legislature to fund it has been nearly used. When they started the program, they showed what the cost of installing those systems was compared to what it would be today. You can see the cost of these to the consumer. The way it works in Nevada, the rebate number is constantly in flux because it is meant to be an incentive for developers to put the systems in; however, once they become



cheaper through better technology and a maturing of the market, the rebate needs to go lower. Those costs are borne by the people who do not have a renewable system on their rooftop. The trend is going down, but we have had a substantial increase in the number of our projects over the last four years. Of the \$250 million fund, we have spent about \$170 million, and we will continue with it.

**Assemblyman Ohrenschall:**

I have been told the rebate program for air conditioners is no longer in effect. Is that correct?

**Tony Sanchez:**

We make application to the PUC and we need to do studies about where the best bang for your buck is. The Commission looks at the results of the studies and makes a judgment call about where the greatest potential benefits are for the least cost. They constantly refresh the analysis, making the programs better funded in some years than others. I do not recall specifically about air conditioning, but there are dozens of different technologies that we get authorization to subsidize. Air conditioners definitely consume a lot of electricity.

**Assemblyman Ellison:**

There was a power plant designed in conjunction with the transmission line from southern Nevada to Ely, but it never went forward. What is the use of that power line now that the coal-generated power plant did not go through?

**Tony Sanchez:**

Phase one of the ON Line project goes from Ely to Las Vegas. We have a project partner, Great Basin Transmission. We own only 25 percent of this line, Great Basin Transmission owns the rest. However, we are leasing the entire line due to the demand we have for renewable movement and other forms of energy. The decision to extend from Idaho to Ely, which is the northern portion, and a portion from Las Vegas to California, rests with Great Basin Transmission. If they do that project, we get capacity from there as well. I think those are under examination. We are focused on finishing the first portion by the end of this year.

**Assemblyman Ellison:**

With increased population and demand, how are you going to meet the future needs, because renewable energy is not the answer.

**Tony Sanchez:**

As part of the Integrated Resource Plan we go through at the PUC, we are required to do detailed load forecasting. Currently, we are anticipating and experiencing a small percentage of growth, but we recognize things will be picking up in the future. Through the Integrated Resource Plan, our proposal was accepted and there are predictions for both renewable as well as carbon-based natural gas. We look three years in the future, because to build a plant in a new location takes more than six years from permitting to construction to completion. This is something we look at regularly with the PUC. It is a complex and detailed process.

**Chairman Bobzien:**

Are there any additional questions for Mr. Sanchez? [There were none.]

We will now move to a presentation by Valley Electric.

**Susan Fisher, representing Valley Electric Association, Inc.:**

I will turn the presentation over to Curt Ledford, our general counsel.

**Curt Ledford, General Counsel, Valley Electric Association, Inc.:**

We are a member-owned cooperative utility which means we are a nonprofit owned by the consumer. [Presented a PowerPoint program (Exhibit M).] If you receive power from Valley Electric, you are an owner of Valley Electric. There are six directors elected by the populace from different districts within our service area. The electric rates we charge our members are regulated by the directors.

We incorporated nearly 50 years ago and have a certificate of convenience and necessity from the Public Utilities Commission (PUC) in Nevada. We do not have generation resources. Our power resources mostly come from the open market, where we buy from other generators in the region. We get about 18 percent of our load from hydro resources provided by the CRC, formerly Carbon Reduction Commitment, Energy Efficiency Scheme. We have close to 16,000 member-owners, 24,000 meters, a service area of 6,849 square miles, 2,139 miles of distribution line, and 346 miles of transmission line, which has been increasing rapidly.

The service areas consist of six districts where our elected directors live. We serve six counties, including Clark, Nye, Esmeralda, and Mineral in Nevada and Mono and Inyo in California, which makes us a dual-certified utility. We have 104 full-time employees, a number that has increased 30 percent in the last three years. In addition, we have \$261 million in consolidated plant, \$45 million budgeted for capital construction in 2013, annual revenues of

\$71 million, and a retail residential energy rate of \$0.10989 kilowatt hours, just under 11 cents. Valley Electric Association is one of 900 cooperatives across the country. Most of the land service area in the country is served by cooperatives.

In 1999, the Federal Energy Regulatory Commission (FERC) issued Order No. 2000, which encouraged voluntary formation of regional transmission organizations (RTOs) to administer the transmission grid on a regional basis throughout North America, including Canada. Valley Electric supports FERC. We believe that they allow for the efficient use of all transmission facilities, generation facilities, and core utility infrastructure. There are about 38 balancing areas in our region.

Imagine a federal highway system controlled only by the states. You might have highways that do not link up from one state to another. Electric grids are an interstate operation, traveling across states with generators located in one state, while electricity is bought and sold in another.

The management is provided by RTO, with the most comprehensive usage for those intrastate facilities. In addition, they provide for comprehensive planning and communication among neighboring utilities. The benefits from this communication, planning, and comprehensive management go to the consumers, the shareholders, the ratepayers, and all other system participants.

To exemplify our position of support, Valley Electric is the first Nevada utility to join the California Independent System Operator (CAISO) Corporation. We completed the transition in January 2013. It was a year-long process to move from NV Energy to the CAISO.

In 2010, we had close to 3,000 megawatts of generation, all solar, in our interconnection queue, roughly half of the total amount of the state of Nevada. Almost all of those developers were seeking delivery into the California markets. Without taking some bold initiatives, we were seeing these generators die. They were failing to deliver to the points they had contractually delivered to because, if you are not in CAISO and you need to deliver to an independent service operator (ISO), you generally have to pay a rate over the transmission system that you are seeking to deliver across, which would be our system. We would charge a lease rate. As that progresses, the rates become pancaked, and it makes a project of any size more challenging because of the economics associated with it. When Valley Electric joined the CAISO, we immediately became a "bucket one node," which allows any generator to connect to our 230 kilovolt (kV) system, delivering to the CAISO automatically, without an increase in rates. This move has been described as a game-changer

by large scale developers in our service area, outside our service area, and by industry experts in California. We celebrated with fanfare on January 3, 2013, as we transitioned in. The transition to the CAISO connects Valley Electric, Nevada, and potential energy developers to a more robust energy market. [Referred to page 9 of the presentation ([Exhibit M](#)).]

Valley Electric has been a proponent of renewable energy for years. We were facing significant recession that was threatening the economic viability of the company. We were declining in sales. We had customers leaving, as well as more than 20 percent unemployment, and faced a 30 percent foreclosure rate. Utilities are modeled on increased rates and size, and when you have a decrease in size, it thwarts those models. To overcome these things, we focused on renewable energy. There is benefit to this. We believe that renewable is a part of the future of our industry, and we felt it was necessary to act to capture the opportunities that it presented.

The large-scale solar projects that are in our connection queue are billion-dollar projects. They are very large, bringing economic base, taxes, many jobs, and all the benefits associated with that ripple effect. If you are the power company in the area, you benefit from that ripple effect and the long-term benefits associated with these projects. In addition, we developed the largest and most successful solar water heater program in the United States, a program we are told is unparalleled. Solar water heating is a function of both our initiative and our geographic location, so it makes a lot of sense. We currently are planning output roughly equivalent to that of Hoover Dam, which is about 15 percent of Nevada's load.

In 2006, with the help of our "ambassadors," who are key members interested in the company, we explored solar water heating. We initiated a pilot program that proved that solar water heating provided many benefits to the company and to our members. In 2009, we launched the program, the largest in the country, with 717 units. There are a number of key member benefits to the solar water heating program. The units are sold at about 50 percent of the average retail cost. Members are eligible for federal tax credits and the program is an on-bill, no-money-down, zero percent financing program for 15 years, which is the expected life of a water heater. Annual energy saving is between \$253 to \$546. The program avoids more than 3,000 pounds of carbon dioxide annually, per unit, helping Valley Electric shave peak costs.

**Susan Fisher:**

We also received a \$5,000 grant from Nevada's Office of Energy, which helps those members who live in manufactured homes. Unfortunately, the water heaters we originally purchased were too large for the standard manufactured

home, so we worked with a manufacturer that created water heaters that would fit into the homes. However, many of these use propane instead of natural gas and conversions are costly. Consequently, the state has allowed us, with the grant, to convert many manufactured homes to solar water heating. To date, we have performed more than 2,000 site visits to determine the viability to individuals.

**Curt Ledford:**

We entered into an agreement with the Renewable Energy Test Center (RETC), allowing them to set up their laboratory facilities on our property. The facility is a diverse, mostly solar research facility that can be analyzed and monitored remotely. The equipment tests and judges the output of panels in different environments. They were looking at our service area, specifically, because of our zone. This company uses our property, and in exchange we get the solar-generated electricity. We donate that to charity through our foundation.

We have also applied for government contracts, the first of which is through the Nevada National Security Site (NNSS), the old Nevada Test Site, which was seeking a new supplier of electricity. We won the \$62 million, five-year contract with a renewal provision through the U.S. Department of Energy to provide electricity, dispatch, and transmission services. Under that arrangement, we will construct a 5.3 mile transmission facility into the Nevada Test Site that will allow for increased reliability for the mission in progress at that site. It increases the capacity from 40 to 70 megawatts and is estimated to bring \$200,000 in annual savings to U.S. taxpayers.

We were also awarded a \$23.6 million, 50-year contract for Creech Air Force Base in Indian Springs to purchase, operate, and maintain the base's electric distribution infrastructure.

We are expanding our communication infrastructure, specifically in the field of fiber optics, which provides for the communication mechanism necessary to operate our transmission system. Now, we have broadband fiber optics ranging from Pahrump to Las Vegas. In the next two years, we hope to increase that optical power ground wire (OPGW) fiber-optic cable to Beatty.

Valley Electric has a large, densely populated service area, so it made sense for us to explore smart-grid technology. We installed an automated meter reading (AMR) system on 100 percent of our meters more than a decade ago. We operate one of the most sophisticated utility systems in the West. Members can access historical and daily data and track personal usage on an hourly, daily, weekly, monthly, and annual basis.

Future plans include expanding our system north along the Nevada/California border. Part of our service area is bifurcated, causing some reliability issues in Fish Lake Valley. We could also capture stranded geothermal resources in Esmeralda and Mineral Counties. We have been approached by a geothermal developer who would like to obtain good, clean geothermal energy. Consequently, the transmission line we are contemplating would double the reliability and export capability for geothermal. We let them know we would be interested in purchasing up to 50 megawatts of that geothermal generation to be transported across our lines.

**Assemblyman Ohrenschall:**

How do you meet your renewable portfolio standard?

**Curt Ledford:**

We support large-scale solar generation and have a voluntary net metering program that benefits our customers. We are exploring 50 megawatts of geothermal energy in the Esmeralda Valley. You can see that Valley Electric voluntarily sponsors bold initiatives to support and foster renewable energy and renewable generation.

**Assemblyman Ohrenschall:**

So you do not have to have a specific percentage of renewable, like NV Energy does?

**Curt Ledford:**

That is correct. Under *Nevada Revised Statutes* (NRS) Chapter 704, cooperatives and municipals are not subject to the renewable portfolio standard.

**Assemblyman Ohrenschall:**

Do you need member approval to raise your rates?

**Curt Ledford:**

We hold elections each year for our six district-elected directors. They are the people who set the rates. If customers have issues with their rates, their votes are at the ballot box. In 2010, each of our directors was reelected after we raised rates. We are regulated by our customers and our members. We also have limited regulation by the PUC with respect to service territories and service filings. From a rate perspective, we are not regulated by the PUC.

**Assemblywoman Carlton:**

Some time ago, there was an article about Pahrump coming "unplugged" and your company making a move to California. What would that do to the citizens

of Nevada? If you decided to become strictly a California company, what option would Nevadans have?

**Curt Ledford:**

We are a Nevada company that has joined the CAISO. The ISO is a balancing authority and system operator for the grid in California. Our previous balancing authority was NV Energy. That means they balance the generation with the load to ensure that the right customers are getting the right power at the right time. That operation is now performed by the CAISO.

**Assemblywoman Carlton:**

You took Nevada business and gave it to California for your balancing authority.

**Curt Ledford:**

That is correct.

**Susan Fisher:**

By joining the CAISO, they pay us for the excess capacity on our transmission lines, which puts more money back into our Nevada members' pockets.

**Assemblywoman Carlton:**

Let us not get into a philosophical debate. About the Creech Air Force Base contract, that was an open bid process, which you bid on as well as other companies. However, because other companies are working under PUC guidelines, they may have been disadvantaged competing with you because there are some things they have to provide and you do not. Please enlighten me on the differences.

**Curt Ledford:**

The Creech Air Force Base privatization effort is a federal effort subject to federal law. It was an open solicitation procured by the Department of Defense. When we did our site visit, there were entities from California, New York, and other states. I am not aware of any disadvantage there might be if you are a regulated PUC participant. You would be able to openly bid and put together your numbers and submit them to the government. I do not know why we would be more advantaged because we do not have a rate regulation by the PUC.

**Assemblywoman Carlton:**

There are guidelines for PUC-regulated companies when they bid. Because you are not under PUC jurisdiction, you do not have to comply with those rules. I need to look into this.

**Curt Ledford:**

I will look into those differences as well.

**Assemblywoman Carlton:**

We are all cognizant of competition and where the jobs are. With what electrical union local do you work?

**Curt Ledford:**

All of our transmission work for the last two years has been contracted with a union operation. I do not know if they are a California union.

**Assemblywoman Carlton:**

Please get that information for me.

**Chairman Bobzien:**

Who else bid on that job?

**Curt Ledford:**

We do not know. They did not release that information to us.

**Chairman Bobzien:**

Were there multiple bidders?

**Curt Ledford:**

We do know that other companies came for the site visit.

**Assemblyman Daly:**

Did you have to build transmission lines or do you piggyback on someone else's lines? Also, should you be subject to renewable portfolio standards?

**Curt Ledford:**

Our transmission subsidiary, Valley Electric Transmission Association, LLC, is wholly owned by Valley Electric Association, Inc. It is a newly created financing mechanism, holding all of our transmission facilities. Our first transmission line, a 138-kilovolt structure from Henderson to Pahrump and then to Beatty, was constructed in 1965. Because of the growth of our system, and because we needed a more robust infrastructure to handle the loads, in the mid-1990s we built our first 230-kilovolt transmission line. That was a radial circuit, meaning if it goes down, the 138-kilovolt circuit may not be able to handle the load of the entire system. There is no redundancy and the system may be in jeopardy. The line went down in 2007, causing rolling blackouts and brownouts. We just completed the 80 miles of transmission line that creates the redundant transmission system that we need for reliability. Being a truly



redundant system, there is capacity on it for renewable generation, which was attractive to large-generation developers looking to build solar plants in our service area.

Regarding the renewable portfolio question, the Legislature decided not to include the municipal or cooperative enterprises. I was not there for those conversations, and I do not what transpired.

I have a question on this point. Valley Electric is not opposed to a renewable portfolio standard, but we need to know what is the point? What is the purpose? If the purpose is to reduce greenhouse gases, we can have that conversation. But municipal organizations are largely low on greenhouse gases, compared to other utilities. We receive a lot of hydroelectric power, which has zero greenhouse emission. If the question is whether we should increase renewables, then I point back to our presentation of all the things we have been doing unilaterally and voluntarily for the past two to three years with respect to increasing renewable generation within our area, on both a macro level—large-scale solar towers—and on a micro level—net metering and domestic solar water heating. I think Valley Electric has embraced the position of supporting renewables and I think, as a group with the municipal enterprises, we are relatively carbon low. If we are going to engage in that conversation, we hand those questions back to the Legislature.

**Assemblyman Daly**

You are expanding your market and building transmission lines to service those markets outside of your original jurisdiction, and you are paying for that with ratepayers' money?

**Curt Ledford:**

I will address the transmission question. We started our transmission redundancy in the late 1990s, before any large-scale renewable generators were in the market. We would do that project if there were no renewable generation connected to the system. There is a benefit because we have capacity on the system and why not use it to transport renewable energy into the marketplace. Our ratepayers are our members. When we joined the CAISO, we were able to monetize the capacity in that system and generate revenue associated with that. That revenue goes back to our customers in the form of increased facilities and plants, and sometimes, at the end of the year, we cut them a check for the profits generated.

**Chairman Bobzien:**

We will be having another conversation about the RPS. Over time we have developed a lot of interpretations of the look and purpose of the RPS. Are there any other questions? [There were none.]

**Dagny Stapleton, representing Nevada Rural Electric Association:**

Rural utilities in Nevada cover a large area in the state. [Presented a PowerPoint program ([Exhibit N](#)).] Most rural electric cooperatives across the country have large service territories, but consumers per mile of electric distribution line can be as low as 2, as opposed to more than 30 consumers per mile of line in urban areas. The Nevada Rural Electric Association (NREA) is the statewide association for rural electric utilities in Nevada, servicing more than 60,000 electric consumers and covering nearly 50,000 square miles of service territory in the state. Some of our members are telecommunications and Internet providers in areas where there would otherwise be none for rural Nevadans.

Each of our members is different in terms of power supply and consumer programs, as a result of the wide and varying geography they serve and the different ways in which they are connected to the electric grid. Our members serve territories that include not only Nevada but also areas in neighboring states. Our members are: Harney Electric Cooperative, covering areas north of Winnemucca and in southern Oregon; Mount Wheeler Power, covering White Pine County and other eastern Nevada counties; Raft River Electric Cooperative in northeastern Nevada; Wells Rural Electric Cooperative; Overton Power District in northern Clark County; and Lincoln County Power District in Pioche, which wholesales power and provides other services to four other small electric facilities in Lincoln County. Our associate members include: Boulder City Municipal Power, a municipally owned utility; Plumas-Sierra Rural Electric, which is headquartered in Portola, California; and Surprise Valley Electric Cooperative in Alturas, California.

All area member utilities are owned by the consumers they serve. They are not-for-profit utilities, and they are controlled by democratically elected boards. Each person served by a cooperative is a member, and each member has a vote to determine who will sit on the cooperative board. Any margins not used to improve infrastructure are always returned to members.

Authorized under NRS Chapter 318, power utility districts (PUDs) are governed by a board that is democratically elected from the consumers in their territory. They are a quasi-governmental organization. Municipal utilities are owned by local governments and governed by their city councils.

Electric cooperatives date back to the New Deal, when many rural communities did not have electric service. There was no interest for investor-owned utilities to serve rural areas, as the investment was too high. With the help of loans from the federal government, these areas organized electric cooperatives. The Rural Electrification Administration (REA), now called the Rural Utilities Service (RUS), was created in the 1930s to bring power to rural America. In Nevada both co-ops and power districts use RUS loans to start their utilities. All of our members take some or all of their power from the Power Marketing Administration (PMA) created in the 1940s to bring power to rural America.

The Bonneville Power Administration, consisting of the hydroelectric projects along the Columbia River system as well as water from the Colorado River, are PMAs that provide power to our members. Collectively, about 66 percent of power purchased by NREA utilities comes from hydroelectric and other renewable resources.

All of our members are distribution utilities, meaning that their mission is to distribute electricity to rural homes, ranches, and businesses. For the most part, they do not generate power. This is due to size and lack of access to capital. They also lack conventional financing mechanisms. Although power districts have access to bonds, cooperatives can take loans from only three sources: the RUS or two cooperative banks. Our members range in size, by number of meters, from less than 1,000 to more than 13,000. Members also have peak loads from 20 megawatts to 114 megawatts. Because of the remote and large territories, members have significant distribution infrastructure.

Lincoln County Power has under 1,000 members and a peak load of 20 megawatts. Our southernmost member, Overton Power, has projected a load growth of about 9 percent between 2010 and 2015. However, with the recession, that projected growth will not be met. Wells Rural Electric and Mount Wheeler Power have added to their loads due to mines located within their service territories.

Where possible, our members support and invest in additional transmission to bring renewables to market and to strengthen their own systems. One example of this is the Silver State Transmission Association, which is made up of Overton Power, Lincoln County Power, and the Southern Nevada Water Authority. They are in the planning stages for a 75-mile, double-circuit, 230-kilovolt transmission line. This line will help address some of the infrastructure needs of these utilities as well as provide interconnection opportunities for renewable energy projects in the 10-megawatt and 100-megawatt range. The Plumas-Sierra Rural Electric Cooperative is in the process of developing a 14-mile, 120-kilovolt transmission line which will carry

geothermal power from northern Nevada to their northern California territory. All permits and financing for this project have been approved. Plumas-Sierra Rural Electric Cooperative will purchase a portion of the power and the rest will be available for purchase by other California power providers.

Although the ability to build or purchase large-scale generation is limited, members have constructed some small-scale renewable generation and they support renewable generation. For example, the Lincoln County Biofuel Generation Project allowed them to assist the developer in other ways, even though they were not able to purchase power from a biofuel developer. They helped with sidings, developed interconnection facilities, and supported them in the development of a delivery contract to export 3 megawatts of power generated from the project.

Wells Rural Electric Cooperative partnered with one of their members to develop a 150-kilowatt hydro project, a geothermal system for their offices, and a photovoltaic system in partnership with West Wendover and Carlin. Mount Wheeler Power made a significant investment in a geothermal project. Unfortunately, a lack of financing was a determining factor, which is always a challenge for cooperatives, and they had to sell the project. Finally, Surprise Valley Rural Electric Cooperative is in the development stages of a 3 megawatt geothermal project.

Each of our members has different rebates and energy efficiency programs in place. Most are tailored to members' specific needs and geographies. Along with other types of rebates, Raft River Electric Cooperative and Harney Electric Cooperative focus their rebate programs on efficiency upgrades to irrigation equipment and industrial machinery. The largest portion of their load goes to irrigation. This is in comparison to our members in southern Nevada who focus on promoting efficiency improvements to cooling systems and give rebates for swimming pool pumps. Overall, most NREA members provide extensive utility-funded rebates. In addition to those mentioned, they provide rebates for appliances, weatherization improvements, efficiency upgrades to industrial machinery, water heaters, and ground-sourced heating and cooling systems, as well as Energy Star manufactured homes. The majority of our members provide rebates for small renewable installations for wind and solar. Some have invested in demonstration projects, including geothermal and solar projects. All of our members provide net metering; some provide the meter free to members.

Finally, each NREA member is controlled by the consumers they serve. Accountability and a sense of local ownership is high. Because of this connection to the places they serve, as well as the cooperative principle of

commitment to community, NREA members are community partners in many ways. For example, Lincoln County Power donates time and equipment to county buildings and local schools; Overton Power has created a scholarship for high school students; Raft River Electric donates money, labor, and equipment to the county fair and other community events; and Wells Rural Electric waives their facilities charge for any nonprofit organization. Most members have programs to assist low-income members in paying their bills. They also offer low-income weatherization programs.

**Assemblyman Ohrenschall:**

If the renewable portfolio standard were to be applicable to your members, do you think that would be a hardship?

**Dagny Stapleton:**

It depends upon our members, many of whom are close to meeting that level considering the hydroelectric power that they purchase. It is a question of the goal. Only 66 percent of the power our members buy is carbon-free power. To the economic development goal, our members try to support the renewable generation projects in their territories, but it is an issue of capacity. They do not offer it on that scale. They do what they can to support that, but if they were mandated to do generation, it is not a possibility for most of our members. There are financing concerns and other issues.

**Assemblyman Ellison:**

Last time I was in your area, you were talking about permits for transmission lines. Is that in progress? What about fire and sage grouse?

**Clay Fitch, representing Nevada Rural Electric Association:**

Sage grouse is a significant issue in northern Nevada. Wildfires also have a big impact. We are going through renewals because we are one of the older utilities in northern Nevada. We have 50-year renewals that are beginning to come due with the Bureau of Land Management (BLM). We are cooperating with the BLM to see if we can come up with reasonable things, because we are interested in working with them, although it has been difficult. We had one project where the price went from \$200,000 to about \$600,000 because of mitigation. We are working with them and hope to work something out.

**Assemblyman Hardy:**

Hoover Dam contracts are coming due soon, maybe in 2015. How does that work?

**Clay Fitch:**

We would not know the details on the Boulder City negotiations, but hopefully they will renew their contracts. In terms of a renewable portfolio standard, none of the large-scale hydroelectric is calculated toward a renewable portfolio standard. When you look at a number of our members in the north and into the south, the northerners have 85 percent of large-scale hydroelectric. They have invested, through their rates, for about 3,000 megawatts of wind, and when you add that up, we are not sure where we stand with the renewable portfolio standard. I am not sure what the impact on Overton Power District would be and where they would go for a renewable portfolio standard, but I would guess it would have to be solar, because hydro does not qualify.

**Chairman Bobzien:**

Are there any final questions? [There were none.]

**Debra Gallo, representing Southwest Gas Corporation:**

Unlike some of the other utilities, we are a natural gas distribution utility; investor-owned and regulated by the PUC. We have close to 1.9 million customers. [Gave a PowerPoint presentation ([Exhibit O](#)).] Our corporate offices are in Las Vegas, and we have about 671,000 customers in Nevada. We service southern Nevada in the Las Vegas area and northern Nevada from Elko to Incline Village, including Stateline and a portion of Reno and Sparks, which is served by NV Energy. We also have 993,000 customers in Arizona, serving most areas except Flagstaff and Kingman, as shown on our service area map ([Exhibit P](#)). We have 183,000 customers in California, including Barstow, Victorville, Apple Valley, and South Lake Tahoe to Truckee.

Additionally, we have two wholly owned subsidiaries that are federally regulated pipelines. They are the Paiute Pipeline Company, which brings gas from the Idaho border to Lake Tahoe, and Southwest Gas Transmission Company, which is a small transmission company that brings gas from the Colorado River.

The easiest way to understand Southwest Gas is to look at the two components of a Southwest Gas bill, as noted on slide 4 ([Exhibit O](#)). First, the cost of natural gas used is recovered, dollar-for-dollar, through purchased gas adjuster filings. Second is the cost of delivering natural gas. These rates are set in general rate case applications. These are the costs for everything other than the cost of natural gas. This is where rates are reviewed, costs are approved, an allowable return is set, and the rate design is set. This is how you collect the revenue they authorize. Southwest Gas has a symmetric decoupled rate design, which I will explain later.

For a natural gas supply, we purchase supply and sell to customers. In addition, we have transportation customers who purchase their own natural gas supply from the same places that we do; then we transport and deliver it to them. We plan and purchase the gas supply and we also contract for our interstate capacity on the federally regulated pipelines to bring that gas supply into our service territory. We are able to access supplies in Alberta, British Columbia; the San Juan Basin, which is located at the Four Corners area of Arizona, Utah, Colorado, and New Mexico; and also the Permian Basin in southern New Mexico. We are able to do that through pipelines in our northern and southern systems; however, our gas system in Nevada is not interconnected.

Our purchased gas adjuster filings with the PUC is how our gas costs are collected. There are several components to this, the first being an annual filing that adjusts rates for the recovery of the cost of the gas supply on a dollar-for-dollar basis. We do not earn a return on that. There is also an annual prudence review that analyzes every transaction we make. In addition, every month, an analysis of the differences between the amount we collect from customers for their gas usage and what we pay is deposited into a deferred account. We try to keep the balance as close to zero as possible. It is an interest-bearing account, meaning that we pay interest to customers if we owe them money; they pay interest to us if they owe us. It is beneficial to keep that balance as close to zero as possible. We have rates that are updated quarterly, because of a bill passed last session. [Continued to refer to presentation ([Exhibit O](#)).]

All costs not related to gas supply are reviewed. This is where recoverable costs are approved as well as an allowable return on those approved costs, and how approved revenues are to be collected from customers. The symmetric decoupled rate design has been in effect for four years. This system breaks the link between recovery of approved costs and the amount of natural gas sold. The rate design allows customers to increase their energy efficiency and lowers their costs without impairing the collection of these approved fees.

For 2013, we have a budget of \$4.4 million in Nevada. We have residential and commercial rebates, as well as Energy Star home certification and a low-energy conservation program in northern Nevada, where we partner with the Nevada Housing Division for home weatherization. Additionally, we have a solar thermal and space heating program, which is a legislatively mandated program that budgets about \$2.2 million.

**Chairman Bobzien:**

Are there any questions? [There were none.] Thank you, Ms. Gallo. Is there any public comment? [There was none]. Are there any final items to come before the Committee? Seeing none, the meeting is adjourned [at 5:08 p.m.].

RESPECTFULLY SUBMITTED:

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Linda Conaboy  
Recording Secretary

RESPECTFULLY SUBMITTED:

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Earlene Miller  
Transcribing Secretary

APPROVED BY:

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Assemblyman David P. Bobzien, Chairman

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



**EXHIBITS**

**Committee Name: Committee on Commerce and Labor**

**Date: February 27, 2013**

**Time of Meeting: 1:34 p.m.**

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
A.B. 170	C	John Griffinn	Letters of support
A.B. 170	D	Nevada State Medical Association	Testimony
A.B. 170	E	Beth Ennis, APN	Testimony in support
A.B. 170	F	Elisa Cafferata, Planned Parenthood	Letter of support
A.B. 170	G	Ian Curley, Rural Nevada Counseling	Letter of support
A.B. 170	H	Debra Scott, Nevada State Board of Nursing	Testimony in support
A.B. 170	I	James Schaupp, D.O.	Letter in opposition
A.B. 170	J	Douglas Gandy, M.D.	Letter in opposition
	K	Tony Sanchez	Prepared text
	L	Tony Sanchez	Handout
	M	Curt Ledford	PowerPoint presentation, handout.
	N	Dagny Stapleton	PowerPoint presentation, handout
	O	Debra Gallo	PowerPoint presentation handout
	P	Debra Gallo	Map