

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

**Seventy-third Session
March 16, 2005**

The Senate Committee on Commerce and Labor was called to order by Chair Randolph J. Townsend at 8:01 a.m. on Wednesday, March 16, 2005, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Randolph J. Townsend, Chair
Senator Warren B. Hardy II, Vice Chair
Senator Sandra Tiffany
Senator Joe Heck
Senator Michael Schneider
Senator Maggie Carlton
Senator John Lee

GUEST LEGISLATORS PRESENT:

Senator Bob Beers, Clark County Senatorial District No. 6

STAFF MEMBERS PRESENT:

Lona M. Domenici, Coordinator, Nevada Silver Haired Legislative Forum
Kevin Powers, Committee Counsel
Donna Winter, Committee Secretary
Scott Young, Committee Policy Analyst
Jeanine Wittenberg, Committee Secretary

OTHERS PRESENT:

Van Mouradian, Chief Insurance Examiner, Division of Insurance, Department of
Business and Industry
John L. Wagner, Burke Consortium of Carson City

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Thelma Clark, Silver Senator, Clark County Senatorial District 10, Nevada Silver
Haired Legislative Forum
Barry Gold, AARP Nevada
Joe L. Johnson, Toiyabe Chapter Sierra Club
Scott M. Craigie, Sprint
Karen Pearl, Nevada Telecommunications Association
Don Soderberg, Chairman, Public Utilities Commission of Nevada
Adriana Escobar-Chanos, Chief Deputy Attorney General, Bureau of Consumer
Protection, Office of the Attorney General
Judy Stokey, Sierra Pacific Resources
Debra Jacobsen, Southwest Gas Corporation
Bob Bass, SBC
Daniel Jacobsen, SBC Nevada
Douglas Ponn, Utility Shareholders Association
Robert L. Crowell, Utility Shareholders Association

CHAIR TOWNSEND:
I open the hearing on Senate Bill (S.B.) 176.

SENATE BILL 176: Eliminates premium tax on annuities. (BDR 57-1010)

SENATOR BOB BEERS (Clark County Senatorial District No. 6):
Senate Bill 176 seeks to eliminate the tax currently assessed on annuities. When the insurance premium tax was enacted in the early 1970s, it included annuities. You have before you a letter from one of my constituents in Las Vegas, a fiscal note and a listing of how each state applies annuity premium tax ([Exhibit C](#)). There are only seven states, including Nevada, that apply an annuity premium tax. When you look at the seven that do tax, Nevada has the highest annuity premium tax percentage.

SENATOR TIFFANY:
Did you research how this was originally included in the insurance premium tax?

SENATOR BEERS:
Based on my reading of that section of law, it appears that this was introduced in the early 1970s. At that time, since annuities are like savings accounts, these investments had larger earned return rates.

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SENATOR CARLTON:

We are discussing an exemption for one product line?

SENATOR BEERS:

Yes, for one product, common amongst teachers, that few states tax.

SENATOR CARLTON:

It is my understanding that you have an option of either paying as you invest or paying as you withdraw.

SENATOR BEERS:

I think the company that sells the annuity elects the option up-front.

SENATOR CARLTON:

Have you given thought to the situation wherein you have two people that invest a certain amount of money and one takes the up-front option and the other takes the withdraw option?

SENATOR BEERS:

Yes, I think the solution is to eliminate the premium tax on annuities.

SENATOR CARLTON:

Do you want to eliminate the annuity tax altogether?

SENATOR BEERS:

That is what I have proposed in this bill.

SENATOR CARLTON:

Let us assume that I bought one ten years ago and paid the up-front tax.

SENATOR BEERS:

If we asked the Research Division to find out how many of these situations exist, I would guess that the answer is zero.

SENATOR CARLTON:

I would be interested in finding out that information to ensure that we treat people equally.

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SENATOR BEERS:

I would imagine these investments have no disclosure and the tax is charged upon withdrawal.

SENATOR CARLTON:

Is there no disclosure? I find that concerning.

CHAIR TOWNSEND:

Is there anyone in attendance from the annuities market or the Division of Insurance (DOI) that could address the up-front tax issue?

VAN MOURADIAN (Chief Insurance Examiner, Division of Insurance, Department of Business and Industry):

Tax on any insurance product is subject to disclosure, either in a disclosure statement or to the purchaser of the product.

CHAIR TOWNSEND:

I do not know why someone would not disclose since the Legislature enacted the tax. Is that hard for the DOI to do and could it be done through regulation?

MR. MOURADIAN:

Yes, we could do it through regulation. With the products we see now, the majority state the 3.5 percentage or the 1.75 percentage, but some do not. They just disclose as a premium tax.

CHAIR TOWNSEND:

Senator Beers brought forward a letter in [Exhibit C](#) referring to someone who purchased an annuity product years before moving to the State of Nevada. As a resident, the State then began taxing on withdrawal. How do we have jurisdiction to tax an annuity product that was purchased in another state?

MR. MOURADIAN:

I am probably not the best person to answer your question. However, I would guess that if the company chose to pay the tax upon withdrawal, when the amount was distributed, the company would be obligated to pay the tax to the State on the reported premium. That is only a guess and I do not know for sure.

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CHAIR TOWNSEND:

I would like to have an answer to that because, obviously, Senator Beers has brought forward a very challenging public policy.

MR. MOURADIAN:

I will get that answer for the Committee.

CHAIR TOWNSEND:

This could be something that Mr. Powers could also review for us.

Senator Beers, it is my understanding that when someone wins a mega-jackpot in Nevada and chooses the annual installments, the entire jackpot amount is paid through the years. Is that considered a taxed annuity or is it different?

SENATOR BEERS:

Page 3, lines 3 and 4, reference chapter 680B of *Nevada Revised Statutes* (NRS), but I am not sure of the answer.

CHAIR TOWNSEND:

We will have Mr. Young check on that for the Committee.

SENATOR BEERS:

It has the language of "life insurance policies or annuity contracts." I think that if you take the annual installment option on a jackpot you are signing an annuity contract.

CHAIR TOWNSEND:

That was my assumption.

Given your expertise in the Senate Committee on Finance, was there consideration given to finding a way to phase this over time for a lesser fiscal impact?

SENATOR BEERS:

Things are still very fluid in that Committee because we have not received the final May report and I have not pursued this with that Committee yet.

CHAIR TOWNSEND:

The reason I ask is that there is at least one bill that has a rather large impact on local government for purposes of reduction of revenue. A tax the Chair of the Senate Committee on Finance is proposing to eliminate. I was trying to be respectful, considerate and fiscally responsible when I drafted the bill and looked at it in terms of a phaseout to lessen the fiscal impact until I saw the ending General Fund balances. There are other tax proposals that are all reductions; so we can certainly take a stance on the policy here but it might go into the mix of other tax proposals that are reductions.

JOHN L. WAGNER (Burke Consortium of Carson City):

The Burke Consortium of Carson City is in favor of S.B. 176 and feels that anything that will help investors and investments is a good idea. Over time, these investments will provide jobs in other areas. The more people who save for the future is better because there are then more people less dependent on the State. This may be the only tax rebate anyone sees this Legislative Session.

CHAIR TOWNSEND:

You bring up an important issue. As we finish our deliberations on the property tax issues next week, we will be able to get down to the rest of the tax-reduction proposals. I am sure there may be more of those than property tax proposals, which will be good because then we will have to sit and pick and choose. I think you brought an important public policy here, and I do not know whether this bill would ultimately go to the Senate Committee on Finance or the Senate Committee on Taxation.

We will now open the hearing on S.B. 171.

SENATE BILL 171: Increases number of Commissioners who serve on Public Utilities Commission of Nevada. (BDR 58-625)

LONA M. DOMENICI (Coordinator, Nevada Silver Haired Legislative Forum):

My position with the Legislative Counsel Bureau prohibits me from supporting or opposing any specific legislative measures. I am here this morning to assist Thelma Clark with her testimony, and I am providing the Committee with a written copy of Ms. Clark's testimony ([Exhibit D](#)).

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CHAIR TOWNSEND:

Page 2, line 7, of S.B. 171 has the language of "One Commissioner to represent the general public." Do you know the goal of that language? Under current law, we require a substantial threshold of experience as indicated on page 2, lines 10 through 14. Would there be any desire for the Committee to process this and add a member of the general public?

THELMA CLARK (Silver Senator, Clark County Senatorial District 10, Nevada Silver Haired Legislative Forum):
I will now read from my written testimony.

CHAIR TOWNSEND:

In regard to your testimony on Sprint, does the increase from 150 to 175 percent of poverty level, although not spread throughout the rest of the consumer base, have to go before the Public Utilities Commission of Nevada (PUCN) for approval?

Ms. CLARK:

Yes, and it has been approved.

CHAIR TOWNSEND:

How many additional people in southern Nevada, or Sprint territory, are included in the raise from 150 to 175 percent?

Ms. CLARK:

I can get that information for you.

CHAIR TOWNSEND:

Do you think the PUCN workload has increased enough to change from a three-member commission to a five-member commission?

Ms. CLARK:

I do, because there are so many telephone companies that utilize Sprint and SBC telephone lines. I would prefer a commissioner hear an increase request rather than staff being appointed to hear that request.

CHAIR TOWNSEND:

Do you have a concern about the increases in both energy and telecommunications?

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MS. CLARK:

I do, because every six months we get an increase in our utility bills.

CHAIR TOWNSEND:

You want to add one more commissioner to meet the standards on page 2, lines 8 and 14, but you want to add a general-public member? Are you then saying that the Bureau of Consumer Protection (BCP), Office of the Attorney General is not functioning as required by statute? What is your reason for adding a member of the general public?

MS. CLARK:

I do not think anyone is doing anything wrong. I would rather have five votes versus three for a million-dollar increase.

The Nevada Silver Haired Legislative Forum (NSHLF) heard a lot of testimony on this and could not think of anything else to possibly do because the problem for the aging person is real.

CHAIR TOWNSEND:

What if we address the problem and not change the makeup of the PUCN?

MS. CLARK:

That depends on how you address this bill.

CHAIR TOWNSEND:

The reason I ask, there is another controversial bill before this Committee that has to do with the Universal Energy Charge (UEC). As a result, there will be some proposals for the subcommittee to look at that may address your concerns.

MS. CLARK:

I would like to have the details so that the NSHLF could discuss this with the subcommittee. I will be in northern Nevada next week and available to work with the subcommittee.

BARRY GOLD (AARP Nevada):

I will now read from my written testimony ([Exhibit E](#)).

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CHAIR TOWNSEND:
Have you read chapter 704 of NRS?

MR. GOLD:
No, I am not familiar with it.

CHAIR TOWNSEND:
Chapter 704 of NRS specifically states that the PUCN commissioners have an obligation and responsibility to represent not only the utility ratepayers, but also the shareholders and balance the interest between the two.

MR. GOLD:
I am sure they are all well qualified. I was speaking to public opinion and sometimes public opinion is not based on the qualifications of the commissioners. I will continue to read from [Exhibit E](#).

SENATOR SCHNEIDER:
At first thought it sounds like it may be a good idea to have a public citizen as a member of the commission, but maybe the public citizen may actually be a bit softer on the issues rather than the professionals currently on the commission.

CHAIR TOWNSEND:
Mr. Gold, if Ms. Clark has identified the issue of rising utility rates and we are able to deal with the rates for seniors and a number of other groups, does that help your organization?

MR. GOLD:
I believe they are intertwined, but I believe a five-member commission will help to possibly check the rising cost of utilities so that you will not have to pay for low-income families and such, who cannot afford their utility bills through S.B. 123.

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

If we could do something now to look at the rise in costs, having a five-member commission may be able to affect things and prevent the problems experienced with the UEC.

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JOE L. JOHNSON (Toiyabe Chapter Sierra Club):

We are in support of S.B. 171. In advocating this bill, five commissioners would allow a differing administrative procedure from the current administrative procedure.

CHAIR TOWNSEND:

If you change the administrative requirements, and kept the same number of commissioners, would that remedy your concern?

MR. JOHNSON:

The problem with a three-member commission is any two commissioners together constitute a quorum. A five-member commission would allow communication between the commissioners without forming a quorum.

CHAIR TOWNSEND:

If there was not enough work for five commissioners, what would they do in their spare time?

MR. JOHNSON:

I have not analyzed the workload of the commission, but I assure you that it is presently quite busy. In the past there was a five-member commission with a smaller workload and I would defer that question to the PUCN chairman.

CHAIR TOWNSEND:

I will respectfully disagree with you because the former five-member commission of the PUCN included the transportation and telecommunications industries which were highly regulated at that time.

MR. JOHNSON:

I would be interested in knowing how many hearing officers would be replaced by the change in the number of commissioners.

SCOTT M. CRAIGIE (Sprint):

I am opposed to S.B. 171. This is a difficult thing to do because this is the first time since 1978 that I have worked with Ms. Clark and others that we have had a disagreement on a policy issue. I am here representing Sprint but primarily representing myself as a former chairman of the commission. When the five-member commission was first appointed, we had a number of areas of jurisdiction and work requirements. That has changed dramatically from 1983 to

today. For example, the federal government has removed the responsibility for cable television regulation. At that time, that regulation required a large number of hearings, activities and decision making. Some years later, transportation was removed from the PUCN and moved into its own agency. The same thing occurred years later with the water companies. The workload in other areas has also reduced significantly. To the extent that there is revenue for additional personnel, I believe it would be better spent on a staff level than on the commissioner level. I know one of the concerns of advocates for this bill is that the work done by the commission has not been adequately diligent. The commission has, and continues, to work diligently to lessen the impact to the consumer from the western energy crisis of 2001. If it were not for the activities of the commission, we would still be in serious trouble and some of the problems that existed for the consumer would have been far worse.

I do not think that adding members to the commission is a solution, nor is approving S.B. 171. I commit to work diligently to find an alternative to deal with the issues in a more appropriate manner. When you have five commissioners, you can have two dissenting votes and still have a policy established. Dissents on any large regulatory body create certain schools of thought in the community that is being regulated that send people into new directions. The western energy crisis of 2001 did that and strongly focused management was the key to avoiding bankruptcy for Sierra Pacific Resources. I think that we have been led well by people that have been focused primarily on doing what is right for the consumer while getting us through this crisis.

SENATOR TIFFANY:

Are you saying that it is harder to get five commissioners to agree rather than two commissioners?

MR. CRAIGIE:

I think that you do not need the presiding officers or that many people looking at the decisions. To the extent that personnel are affordable and available, we are better off utilizing analysts with professional disciplines.

SENATOR TIFFANY:

You made the point that perhaps there might be some dissent opinions. If there is a dissent opinion, does it deflect from forward direction?

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MR. CRAIGIE:

I think it can. It is a concern when the State is in a crisis atmosphere.

SENATOR TIFFANY:

Is the dissent issue with three versus five commissioners, the most important part of your argument against this bill?

MR. CRAIGIE:

Yes. That is a major part of my argument.

SENATOR LEE:

Could you address the Open Meeting Law issues for a three-member commission?

MR. CRAIGIE:

When I was a commissioner, we had five members and had the ability to speak to one another and share issues. I think that the dialogue of policy makers is truly better done strictly in public. When you are addressing a system that represents the financial health or problems for customers, companies and others, the public expects all of the decision-making process to be done in public.

SENATOR LEE:

I probably could slightly agree with you, except some people that have been on the commission might be accountants and not engineers or vice versa. The other question may be, when one person is absent, that absence then causes harm to the commission. Two more commissioners would allow for more continuity.

MR. CRAIGIE:

There are provisions that allow for a temporary commissioner to be seated for major rate cases to the extent that a commissioner is absent.

MR. WAGNER:

The Burke Consortium of Carson City is opposed to S.B. 171. We prefer to reduce the size of government, not expand it. Staff is probably more qualified to analyze rate increases than the commissioners.

KAREN PEARL (Nevada Telecommunications Association):

I present to the Committee my written testimony ([Exhibit F](#)). I represent the local telephone companies in the State and am also speaking personally on this matter. I can attest to the fact that the BCP and the PUCN have been relentless in championing the interest of the consumer. I oppose S.B. 171 and agree with Mr. Craigie that a workload problem could be better served by increasing staff not the number of commissioners.

DON SODERBERG (Chairman, Public Utilities Commission of Nevada):

Today, I will also be representing Governor Guinn as Mr. Burdette is traveling. We have provided the Committee a fiscal note ([Exhibit G](#)) should this bill become enacted as law.

On behalf of the PUCN and the Office of the Governor I am here to speak in opposition to S.B. 171. As has been articulated this morning, at one time an agency called the Public Service Commission of Nevada (PSCN) had five members. In that area there were a number of regulatory responsibilities that were encompassed. The PSCN was essentially the former State Railroad Commission. Over time, different types of industries requiring regulation by the State were moved in and out of PSCN jurisdiction. Over time, the federal government has preempted regulation in a number of areas; partial transportation and partial telecommunications are just two of those areas. The 69th Legislative Session created a separate agency for transportation and removed it from the PSCN. What was left was a three-member agency that was to focus solely on utility issues, the PUCN. There are still some railroad functions, however, they are more safety oriented and do not involve commissioner time. We believe that an expansion from three members to five is a "budget busting" activity and will cost an additional \$1.3 million per biennium for consumers to fund. I do not want to take quarrel with some of the previous testimony, but our money does not come from the utilities. Our money is collected by the utilities from the consumer and passed through to the PUCN. The consumer pays to fund the PUCN.

Mr. Craigie testified that the scope and the number of types of dockets that the commission has had through its various evolution has decreased. That is true, so in one sense the workload of a commissioner is less. However, as with everything, things are now more complex. When the telecommunications industry was highly regulated, and most of the commission work was rate regulation, it took a lot of hearing time. We do not really have that anymore but

telecommunications deregulation and competition is extremely more complex than rate making was. What we have now is a situation where a decade ago we had five commissioners in the hearing room more often, and now we have three commissioners in the hearing room less but, are spending a great deal more time on education and study. I believe if we had five commissioners and tried to spread the current docket load among them, we will each have a lesser amount of responsibilities and therefore, be spending less time at our jobs, and it is a job that you really need to work at. Separate from the budget aspects, I really believe going to a five-member commission would be a drift of focus.

Previous legislation has approved the use of hearing officers when there are work-flow issues. I believe the hearing officer mechanism has worked very well. There are in-statute protections so that hearing officers are not used in big rate cases. They are used for smaller dockets that assist the commissioners to keep their focus on the complex issues such as the western energy crisis of 2001 and financial issues that impact the utilities and the consumers' rates.

I think probably the biggest area that may be driving this proposed bill is the fact that, right now, utility and energy rates are high. Although, we can all pat ourselves on the back to say that southern Nevada rates per kilowatt hour are less than our counterparts in southern California and the rates in northern Nevada are less than northern California, the fact is that our extreme temperatures create huge usage. The actual bill that a consumer pays is going to be high. I believe some people in that frustration feel that somehow if there was a larger commission, or if we changed the role from an objective quasi-judicial role to one of an advocacy role, as this bill would do with one member, that would change. Quite frankly, I do not know if that would be the case. My calculation would be that we have denied almost three-quarters of a billion dollars in deferred-energy costs since the 66th Legislative Session reinstituted deferred-energy accounting. As a percentage of the actual expenses of utility, that may be the highest of any state in the country. That is money that the utilities have paid and then we are asking to be reimbursed. When you look at the other large component of consumers' rates, the return on equity of a utility, which is essentially the utilities allowed profit, they have not met the allowance. This commission, as a three-member commission, has consistently chosen a lower number than the utilities have provided for and a lower number than our own staff has recommended. When I get back to whether or not the rates will be lower if there are five members, probably not. I do not know where we could reduce them any lower. We now have rates that have allowed our

largest gas utility to stay investment grade. We have rates today that have kept our two largest electric utilities non-investment grade although their situation is improving. I think this commission has taken the tack that we need to improve the finances of our utilities because in the future that will mean lower rates. We cannot do that in a full swoop on the backs of our consumers.

Our statutory charge is to represent consumers and the shareholders of the utility and balance those interests. In that, we have to take a quasi-judicial point of view and we are not allowed to be advocates for either side. To have one member of this commission have an advocacy role, to my knowledge would be extraordinary, not only in this State but in every state. I cannot comprehend how we would have a majority of the commission to act as objective regulators and have one member of that commission not be objective, but to advocate for a particular party or group. In speaking with my fellow commissioners across the country, we cannot conceive how it would work, even in states where the commissioners are elected officials as opposed to appointed. That part of the proposal causes serious concern. This Legislature created the BCP and that has worked quite well. They do a very good job of aggressively advocating for consumers, especially the small consumers that typically do not have private representation. The BCP is skilled; they are aggressive, and I cannot foresee anyone more aggressive representing the consumer than what we have now.

The other area discussed has been the Open Meeting Law. Sometimes, commissioners may exaggerate what being together in public does to us. That has been the case. I have had situations in the past when we were a five-member commission where another commissioner was invited to lunch and we said we cannot have lunch because of the Open Meeting Law. The Open Meeting Law requires that a quorum not meet to deliberate. In that sense, that means that I cannot discuss with either of my fellow commissioners any issue that would be before us in our regulatory capacity. As the executive director and chief administrative officer of the PUCN, I now can ask questions of my fellow commissioners. I do this frequently; I could not do that before, because when that was a function of the entire agency it was an Open-Meeting-Law situation. If we were to go to a five-member commission, I believe that would make us more akin to a legislator. I think it is important to understand that legislators are elected by people to represent various districts, their constituents. In that you deal with laws and public policy, communications and coalitions are important. Regulators do not do that; they are there to arbitrate very specific applications and apply legislation. My experience in both a

three- and a five-member commission is that when we are bigger with five members, with more time on our hands, the natural inclination is to start acting as a legislator which is not our role. Yes, you can speak with one other commissioner when you have a five-member commission, but my experience was that it creates factions. The commissioners move away from a role of trying to be responsible regulators to attempting to "win the day." I have now been on three three-member commissions. I find that even if the disagreements are serious, even if the differences of philosophy are extreme, a three-member commission is able to focus, get the job done and disagree in a professional fashion better than when it was a five-member commission trying to win votes.

When we discuss how our rates are lower than other states, but our bills are higher, we need to remember that our temperatures are extreme, and many of our citizens are living in housing that is not designed for extreme temperatures. Fixed-income seniors and the working poor typically do not live in ENERGY STAR homes. That exacerbates the problem. Whether our rates are high or low, when you live in an older or mobile home and are on a fixed income, that bill is hard to pay. This needs to be addressed regardless of the number of commissioners with the PUCN. We would be happy to assist you working on S.B. 123 which addresses the issues more appropriately.

CHAIR TOWNSEND:

We will set a subcommittee meeting on this next week and would like your assistance at that meeting.

ADRIANA ESCOBAR-CHANOS (Chief Deputy Attorney General, Bureau of Consumer Protection, Office of the Attorney General):

I believe that the underlying goal for this bill is very important. In addition to the bill encompassing seniors, as Consumer Advocate, I am concerned about the handicapped and the working poor. However, I believe there are other avenues to explore. For instance, I have had a report prepared on any available statewide or federal programs. One of my goals is to spearhead a group, including the utilities and the PUCN, so we can try to make sure we take advantage of every possible program to help these groups. In addition, I would like to participate in the subcommittee on this issue.

As a former PUCN commissioner, I have some concerns about this bill. Adding one member that represents the public only contradicts NRS 704.001. Another concern I have is that it takes a lot of background experience for the position.

Many consumers have the experience but to take away the requirements of the other four commissioners would not be good. It is important to have sufficient background in one of the fields that is presently required by the statute to successfully work as a commissioner. There is a division of the PUCN with policy advisors. The division consists of a group of highly trained people who the commissioner can interact with; they have backgrounds in telecommunications, economics and many other areas. There is also general counsel available for legal issues. The commissioners do have a resource group available in the beginning if they do not have much experience. As a commissioner, I initially thought that five members would be better than three, but I quickly realized the value of streamlining with three.

Regarding the Open Meeting Laws, with three commissioners you never had to worry about who you did or did not speak to or who is going to speak to anyone else. You simply cannot talk to any one member because two members are a quorum. In my opinion, that keeps it clean and neat.

The goal and the purpose of S.B. 171 should be addressed and the BCP is available to assist in any way possible. I do not think this bill is the appropriate vehicle to address the issues raised here today.

JUDY STOKEY (Sierra Pacific Resources):

We are opposed to S.B. 171. We do not want to tax or raise our customers rates any more than necessary and this bill would do that. The PUCN performs adequately as a three-member commission.

DEBRA JACOBSEN (Southwest Gas Corporation):

Our main concern is the general-public representative proposed in this bill. The type of cases and filings that are made at the commission are very technical and background is needed for a commissioner.

I am also Director of Regulatory Affairs for Southwest Gas. We serve in three states: Arizona, Nevada and California. There are five commissioners in California and Arizona. I do not see a difference in workload or scheduling with three members versus five. We do not see the need to change the current number of commissioners.

BOB BASS (SBC):

Earlier in the testimony, caseload, three-member commission and staff were discussed. I have with me Daniel Jacobsen, Executive Director, Regulatory, SBC Nevada, who deals with the PUCN on a daily basis. He will provide you with some background and comments on earlier discussions.

DANIEL JACOBSEN (SBC Nevada):

In the last year, SBC made 66 filings with the PUCN to introduce new products or set up contracts with competitors. Every one of those 66 filings was processed according to statutory guidelines. The commission is keeping pace with the workload before them. We do not file annual rate cases anymore but previously had to every three years. We have not modified our basic rate since 1996. As Chairman Soderberg mentioned, there are many issues which the federal government delegates to the State. The PUCN has opened dockets and addressed every issue that the Federal Communications Commission has delegated to them in a timely fashion. From our standpoint, they are staying up with the day-to-day work and the work delegated by the federal government.

DOUGLAS PONN (Utility Shareholders Association):

We are in opposition to S.B. 171. Our concern with the PUCN is always whether we get a fair and equitable decision. We think that is a function of the people who are serving on the commission more than the number of people. I agree that a three-member commission has proven to serve better than a five-member commission.

ROBERT L. CROWELL (Utility Shareholders Association):

I would like to add that NRS 704.001 requires the commission to adjudicate matters consistent with a balance between shareholders and ratepayers. We believe that Chairman Soderberg expressed exactly that adjudicatory duty and we would like to see that concept continue.

MS. CLARK:

The NSHLF debated a long time on this and we could think of nothing else we could do. It is the public perception that has led us to introducing this bill. I think we currently have good commissioners that should be given an increase in salary. I do not think they have had an increase in five or ten years.

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CHAIR TOWNSEND:

I believe the Governor has included that in the Executive Budget and I think it is appropriate. We will schedule a subcommittee on this next week concerning the issues brought forward this morning.

The Committee will now adjourn at 9:51a.m.

RESPECTFULLY SUBMITTED:

Jeanine M. Wittenberg,
Committee Secretary

APPROVED BY:

Senator Randolph J. Townsend, Chair

DATE: _____