

**MINUTES OF THE JOINT MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE**

**Eightieth Session
February 18, 2019**

The joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chair Maggie Carlton at 8:07 a.m. on Monday, February 18, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412 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 www.leg.state.nv.us/App/NELIS/REL/80th2019.

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Assemblywoman Teresa Benitez-Thompson, Vice Chair
Assemblyman Jason Frierson
Assemblywoman Sandra Jauregui
Assemblyman Al Kramer
Assemblywoman Daniele Monroe-Moreno
Assemblywoman Ellen B. Spiegel
Assemblyman Michael C. Sprinkle
Assemblywoman Heidi Swank
Assemblyman Tyrone Thompson
Assemblywoman Robin L. Titus
Assemblyman Jim Wheeler

SENATE COMMITTEE MEMBERS PRESENT:

Senator Joyce Woodhouse, Chair
Senator David R. Parks, Vice Chair
Senator Kelvin Atkinson
Senator Yvanna D. Cancela
Senator Moises Denis
Senator Pete Goicoechea
Senator Ben Kieckhefer
Senator James A. Settlemeyer



ASSEMBLY COMMITTEE MEMBERS EXCUSED:

Assemblyman John Hambrick
Assemblywoman Dina Neal

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Sarah Coffman, Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Karen Hoppe, Senior Program Analyst
Janice Wright, Committee Secretary
Lisa McAlister, Committee Assistant

After a call of the roll, Chair Carlton reminded the audience to silence all electronic devices and explained the rules of the Committees. She opened public comment, but there was no public comment in Carson City or Las Vegas. The first item on the agenda was the budget presentation for the Office of the Secretary of State.

Barbara K. Cegavske, Secretary of State, Office of the Secretary of State, presented [Exhibit C](#), a PowerPoint presentation titled "Nevada Secretary of State Barbara K. Cegavske Budget Presentation 2020-21 [2019-2021] Biennium." She thanked the Committees for inviting her to present her recommended budget for the 2019-2021 biennium. She provided the Committees with context for her budget recommendations by presenting an overview of the structure and functions of the Office as well as the revenues it collected. She introduced her staff who were present.

Ms. Cegavske referred to page 2 of [Exhibit C](#) and stated that the Office of the Secretary of State was one of the original offices established in the *Nevada Constitution* and was responsible for maintaining the official records of the acts of the Legislature and the Executive Branch. Additional duties were added over time and ranged from the Deputy for Elections, to the registrar of business entity filings, to the administrator of the Uniform Securities Act.

Turning to page 3 of [Exhibit C](#), Ms. Cegavske explained that the Secretary of State served on various boards and commissions, including the:

- State Board of Examiners.
- Board of State Prison Commissioners.
- Board of Economic Development.
- Executive Branch Audit Committee.
- Chair, State Records Committee.
- Tahoe Regional Planning Agency Governing Board.

- Advisory Committee on Participatory Democracy.

Referring to page 4 of [Exhibit C](#), Ms. Cegavske stated that the Office of the Secretary of State was organized into eight main divisions:

- Commercial Recordings.
- Business Portal.
- Special Projects that included managing domestic partnerships, Nevada lockbox, and document preparation services.
- Executive Administration.
- Elections.
- Notary.
- Operations.
- Securities Division.

The main offices were located in Carson City in the Capitol Building, the Meyers Annex, and the Blasdel Building. There was also an office in the City Hall Building in North Las Vegas. The Office provided assistance to the general public, professional businesses, and other government bodies via telephone or in person at both the Carson City and Las Vegas offices. A majority of inquiries were received via telephone at an average of 700 calls per day. Customer service and lobby staff addressed questions regarding all filings, forms, fees, and statutes and assisted customers with navigating Secretary of State Websites.

Ms. Cegavske added that the Office of the Secretary of State currently had 138 full-time-equivalent (FTE) positions across the two budget accounts. The breakdown of those positions by division was listed on page 5 of [Exhibit C](#). That concluded the overview of the Office of the Secretary of State. She turned the budget presentation over to Craig Kozeniesky, Deputy for Operations, who would introduce the budget accounts and present the details of the recommended budgets for the Office of the Secretary of State.

ELECTED OFFICIALS
OFFICE OF THE SECRETARY OF STATE
SOS - SECRETARY OF STATE (101-1050)
BUDGET PAGE ELECTED-198

ELECTED OFFICIALS
OFFICE OF THE SECRETARY OF STATE
SOS - HELP AMERICA VOTE ACT (HAVA) ELECTION REFORM (101-1051)
BUDGET PAGE ELECTED-205

Craig Kozeniesky, Deputy Secretary for Operations, reviewed budget accounts (BA) 1050 and BA 1051, and provided a summary of the decision units that composed the Office's recommendations. He referred to page 6 of [Exhibit C](#). The Office of the Secretary of State collected various fees, fines, and penalties. Those ranged from the organizational and annual

filing fees with the Commercial Recordings Division, to broker/dealer license fees with the Securities Division, to candidate filing fees with the Elections Division. The Office collected, tracked, and monitored revenue from those various activities. The majority of the revenue collected by the Office of the Secretary of State went to support the State General Fund. In fiscal year (FY) 2018, the Office collected revenue totaling \$218.6 million. Of that amount, \$218.1 million or 99.8 percent went to the General Fund. The Office of the Secretary of State was the third highest General Fund revenue-generating agency in the state.

Mr. Kozeniesky stated that page 7 of [Exhibit C](#) reported the total General Fund revenue collected by the Office of the Secretary of State over the last 12 fiscal years and noted that amount continued to increase. Because the administration of the state business license program was added to the Office in FY 2010, the total General Fund revenue collected by the Office had grown steadily at an average of 3 percent per fiscal year. The Office saw an increase of over 19 percent, or \$33.7 million in FY 2016. He attributed that increase primarily to [Senate Bill 483 of the 78th Session](#) (2015) that raised the business license fee charged to for-profit corporations.

Mr. Kozeniesky referred to page 8 of [Exhibit C](#) that provided the breakdown by division of the General Fund revenue collected by the Office for FY 2018. The Commercial Recordings Division was by far the largest General Fund revenue generator in the Office at 85.3 percent (\$186,190,329 million). Next was the Securities Division at 13.5 percent (\$29,437,285). Together, the Commercial Recordings Division and the Securities Division made up 98.8 percent of the total General Fund revenue collected by the Office in FY 2018. The remaining 1.2 percent came from Uniform Commercial Code (UCC) fees (\$1,942,182), the Notary Division (\$556,386), and the Elections Division (\$35,075).

Page 9 of [Exhibit C](#) compared the General Fund revenue collections by the Office over the last 12 years to the legislatively approved General Fund appropriation amounts for the Office over the same time period. Mr. Kozeniesky said the General Fund revenue collected by the Office played a crucial role in the state's total General Fund budget. Page 10 of [Exhibit C](#) provided the growth in General Fund revenue collected by the Office per full-time-equivalent (FTE) position.

Mr. Kozeniesky turned to page 11 of [Exhibit C](#) that provided the first of two primary budget accounts for the Office in [The Executive Budget](#). Budget account (BA) 1050 contained the general operating budget of the Office and was primarily funded by the General Fund. Other minor funding sources for BA 1050 included domestic partnership registration fees, securities fines and penalties, and miscellaneous program fees.

The second major budget displayed on page 12 of [Exhibit C](#) was BA 1051. Mr. Kozeniesky stated that BA 1051 was established to receive funds granted from the federal government for administration of the Help America Vote Act (HAVA). To achieve the goals of HAVA, the federal government allocated grant money to assist states with effecting and maintaining compliance with HAVA provisions. Nevada had received approximately \$23 million in

federal funds under HAVA, and those grants ended in FY 2013. An additional \$4.5 million of HAVA funds were granted to Nevada in FY 2019 for the purpose of enhancing election security. In the 2018 HAVA Elections Security Award Packet, the U.S. Elections Assistance Commission dispensed grant funds to 55 U.S. states and territories with the stipulation of expending funds on security-related enhancements within a five-year period.

Mr. Kozeniesky said the table on page 13 of [Exhibit C](#) provided the General Fund recommendations for BA 1050 for the 2019-2021 biennium. The table summarized General Fund recommendations for the base, maintenance, and enhancement decision units. In total, the Office recommended General Fund appropriations of \$17.62 million [includes a one-shot appropriation] in FY 2020 and \$18.56 million in FY 2021, for a total biennium recommendation of \$36.18 million.

Mr. Kozeniesky turned to page 14 of [Exhibit C](#) and highlighted the BA 1050 major enhancement recommendations. Decision unit Enhancement (E) 230 related to voter registration. At the November 2018 general election, the voters of Nevada approved Question 5, the Automatic Voter Registration Initiative. Question 5 amended Chapter 293 of *Nevada Revised Statutes* to require the Secretary of State, the Department of Motor Vehicles (DMV), and each county to collaboratively establish a system whereby voter registration information obtained by the DMV had to be automatically transmitted to the counties and updated in the statewide voter registration list. The Office initiated development of a governing structure with DMV in late November 2018. Because Question 5 passed without any funding mechanism, the Office had recommended and received approval from the State Board of Examiners and the Interim Finance Committee (IFC) to use the IFC Contingency Account (NRS 353.266) to establish a project management team of contract personnel to properly scope, research, and begin development of the project. The team would consist of one project manager and two business process analysts to oversee the Secretary of State's application of the Automatic Voter Registration Initiative and coordinate efforts between the Office, DMV, and the 17 Nevada counties. The allocation would be used through the end of FY 2019. Therefore, decision unit E-230 recommended funding to support the project team through the 2019-2021 biennium to scope and study the requirements and develop and recommend solution options.

Mr. Kozeniesky stated that decision unit E-710 recommended \$1.06 million over the biennium to replace servers, storage devices, and networking devices that interconnected those servers and storage devices. Those devices and components were on a five-year life cycle, and the replacement schedule was in accordance with the Division of Enterprise Information Technology Services, Department of Administration, recommended schedule.

Page 15 of [Exhibit C](#) listed the minor enhancement decision units. Mr. Kozeniesky said decision unit E-227 funded operating costs associated with an increase in business license compliance demands resulting from [Senate Bill 554 of the 79th Session](#) (2017). The Office of the Secretary of State anticipated additional postcard notifications would need to be mailed out each year to transportation network companies ensuring that drivers provided

certain information related to his or her state business registration. Decision unit E-228 recommended funding \$3,300 per year for the media monitoring service, known as Critical Mention, used by other state agencies. Decision unit E-229 funded ballot stock dispersed to the 17 counties for the 2020 presidential election in accordance with *Nevada Administrative Code* (NAC) 293. After further review, the Office withdrew decision unit E-229. Decision unit E-711 funded the purchase of updated analytical software licenses. The Office of the Secretary of State Securities Division used Quicken to analyze financial files for audits and investigation. The Office currently had ten version 2008 licenses.

Page 16 of [Exhibit C](#) provided details of budget account (BA) 1051 regarding the Help America Vote Act (HAVA). Mr. Kozeniesky explained that the table on page 16 provided the Office's HAVA budget recommendations for the 2019-2021 biennium that included both State General Funds on the top half of the page and federal grant funding on the bottom half of the page. Each table summarized the recommended base, maintenance, and enhancement subtotals. In total, the Office recommended combined General Fund appropriations and HAVA federal fund allocations of \$4.4 million in fiscal year (FY) 2020 and \$2 million in FY 2021, for a total biennium recommendation of \$6.4 million.

Mr. Kozeniesky turned to page 17 of [Exhibit C](#) that listed the enhancement units. Decision unit E 225 recommended using the federal HAVA grant to enhance election security in Nevada and overall administration of federal elections. At the beginning of FY 2019, the HAVA funds were placed into the reserve category in BA 1051. The Office of the Secretary of State developed a five-year spending plan and recommended spending \$1,738,821 in FY 2020 and \$179,836 in FY 2021. Major spending priorities during FY 2020 included continued funding of the HAVA cybersecurity enhancement project contract team, hardware, software, networking enhancements recommended by a Department of Homeland Security cybersecurity team, and funding full-time-equivalent (FTE) positions [2 new FTE positions were included in the agency request budget but not included in the Governor's recommended E-225 decision unit]. The significant decreases in FY 2021 could be accounted for through the information technology (IT) costs being incurred in FY 2020 and the planned sunset of the HAVA cybersecurity enhancement project contract team. The Office remained open to continuing the project team or expending funds through work programs on other election enhancement priorities in FY 2021 as the program matured.

Mr. Kozeniesky continued that decision unit E-226 recommended \$760,000 per fiscal year for the maintenance of voting machines that were purchased for the counties in FY 2018. All 17 counties were under a long-term licensing and maintenance contract with the selected voting system vendors. The licensing and maintenance costs were included in the initial purchase of the 7,194 new voting machines in FY 2018 under authority of [Assembly Bill 519 of the 79th Session](#) (2017). Therefore, the Office sought funding to continue the maintenance and support over the biennium for the 2020 election cycle.

Ms. Cegavske thanked the Committees and explained she had concluded the presentation of the 2019-2021 biennium budget for the Office of the Secretary of State. She thanked the

staff of the Office of the Secretary of State; the Office of Finance, Office of the Governor; and the Fiscal Analysis Division, Legislative Counsel Bureau for the efforts that went into creating the budget recommendations. She looked forward to any questions or comments from the members of the Committees.

Chair Carlton thanked her and asked for any questions from the members.

Assemblyman Frierson asked about the timeline for enactment of the voter registration system. He was concerned because there had been 17 states that had done this before. The very first state had no examples and completed it in about six months. He wanted to know what the timeline was for enactment recognizing that there were a few different scenarios. He asked which scenario resulted in the fastest completion timeline. He wanted the questions about performance to be answered first, and to the extent that involved those scenarios, he had additional questions about those as well.

Mr. Kozeniesky responded that the questions related to the Question 5 Automatic Voter Registration Initiative and that operation. That was precisely the point of the project team who would look into that immediately. The Office received updates from the Purchasing Division, Department of Administration, that it could start the hiring process tomorrow. The Office had the authority for spending now and could hire those individuals. The Office had already started meeting with the working group and the steering committee composed of representatives from the Department of Motor Vehicles (DMV), Office of the Governor, and Division of Enterprise Information Technology Services, Department of Administration. They were working hard on the requirements this year getting ready for the election cycle to evaluate the various scenarios that were developed in previous analyses to create a timeline as soon as possible.

Assemblyman Frierson asked whether a timeline had been established as yet.

Mr. Kozeniesky replied that he did not have a timeline set as yet, and the working group was still scoping those requirements. He knew the pressures and demands of the 2020 election cycle, and the group was working hard to develop a well-analyzed set of options that could be considered for decisions.

Assemblyman Frierson said he was concerned that the Office was talking about 2020, because that was not far away. The last election had occurred only a few months ago in 2018. He hoped the Office could affect the change by early 2019, because other states had implemented automatic voter registration quickly. He asked for the timeline as soon as possible.

Mr. Kozeniesky responded that the Office was studying the necessary information technology (IT) development work and testing and was also working with the counties, all of which extended the timeline. The Office was planning in advance to ensure it was prepared when that decision was made.

Assemblyman Frierson said he imagined that part of the timeline would be dictated by which scenario was selected. He asked for details about how the Office would pick the proper scenarios and about the process of making that decision. Obviously one of the scenarios cost zero. He did not want to have any problems with applications that were ineffective or too costly. He asked about the process of figuring out which of those scenarios would be selected.

Wayne Thorley, Deputy for Elections, Office of the Secretary of State, replied that the working group was composed of representatives from the Department of Motor Vehicles (DMV), the county election officials, and representatives from the Division of Enterprise Information Technology Services (EITS), Department of Administration. One of the projects of the working group was developing potential IT solutions to accomplish the electronic transfer of voter registration data that was collected at DMV to the county election officials. One of the things that was fairly unique about Nevada was the decentralized voter registration process. Having to work with 17 different counties and each separate voter registration database vendor made it more complex to transfer data from the DMV. The working group would make recommendations to the steering committee about how to accomplish the best course of action. Depending on the recommendations made by the steering committee, the Office would determine which funding option would be required.

Chair Carlton said she had heard the steering committee mentioned several times and asked about the members of the steering committee.

Mr. Kozeniesky responded that steering committee included the Secretary of State, the Director of the Department of Motor Vehicles, Mr. Thorley, two members from DMV staff, the chief information security officer from EITS, a representative from the Office of the Governor, and himself.

Chair Carlton said there was a discussion about a project team and asked about the members of the project team.

Mr. Kozeniesky responded that the project team was composed of contractors. The Office of the Secretary of State was in the process of hiring the contractors now. The Office used the same model that it had used for the overhaul of the commercial recordings system. That four-year project was coming to an end. The contractor team was composed of four persons and a project manager. Business processors also integrated with that team. The Office had done the same thing when it received authority earlier in the year for the HAVA cybersecurity contract team. The Office used the same model for this project and would be hiring those individuals this week.

Chair Carlton asked whether the Office understood that this was not a four-year project. There was a specific timeframe for this. She had made it clear that this project had urgency attached to it.

Mr. Kozeniesky confirmed that the Office understood the urgency of the project.

Assemblyman Thompson said that he had posed the same question many times. In addition to governance established with the executive committee, the steering committee, and working group members, he asked for a discussion about the stakeholders, advisory entities, and community groups that the Office consulted and its plans to develop the automatic voter registration process. He thought there was a lot of government represented on all those committees. He cautioned the Office to not miss the mark by not including the public and making the public knowledge the true base of its plan. He asked for that information to be shared with him.

Mr. Thorley responded that he had communicated with the American Civil Liberties Union (ACLU) from Nevada and the National ACLU regarding the automatic voter registration initiative. He had been in touch with the Brennan Center for Justice out of the New York University School of Law, the Center for Election Innovation and Research (a nonprofit organization based in Washington D.C.), Demos (a civil rights advocacy organization), and the Center for Secure and Modern Elections.

Assemblyman Thompson appreciated that effort but emphasized that the Nevada community, including its districts and neighborhoods, had to be involved. He had not heard that involvement in the presentation. He respected the organizations that had been mentioned, but the Office needed to go to the faith houses and into the neighborhoods. He asked the Office to define its true strategy and outreach methods to engage and bring voices from Nevada to the table.

Mr. Thorley replied that currently the Office lacked a concrete plan on outreach, but he was willing to take that matter back to the steering committee as a suggestion for the working group.

Assemblyman Thompson asked when he would know for sure. He said the Committees were talking about timelines, and the Office was behind in developing the timelines. He needed to hear that this outreach was important to the steering committee. Otherwise, the responses just sounded appealing and that was not acceptable.

Mr. Thorley responded that at the next steering committee meeting, he would add an agenda item to discuss outreach. Afterward, he would bring back information to the Committees about how the Office planned to reach out to Nevada communities and representatives regarding this problem.

Assemblywoman Jauregui said it seemed that the legislative committees were hearing different information depending on who they asked. Some of the county registrars of voters and clerks presented information to the Assembly Committee on Legislative Operations and Elections on Thursday, and they provided a different answer when asked about the timelines. They were certain that the goal was to have it ready by January 2020, and that was what had

been discussed in the working groups. She reiterated by asking the county officials whether they were sure that January 2020 was the goal and the deadline. She asked why their answer was different than Mr. Thorley's answer when the Office of the Secretary of State seemed to be working with the same steering committee.

Mr. Thorley said from the county's perspective, the wheels of the election apparatus began to turn early on in the calendar year when the election was held. In January 2020 the local officials would begin gearing up for the 2020 election cycle, and the staff dedicated to interim projects such as the Question 5 Automatic Voter Registration Initiative would be pulled off those projects and put on election projects. As he understood it, the statement from the county election officials was that to get the project done with the staffing resources available, the project would need to be done by the end of the calendar year to allow the county staff to transition to election preparation for the 2020 election year. He did not believe the Office was working under different timeframes. He thought the county officials said they lacked the staff capacity to work on the voter registration project in 2020. That project needed to be completed in 2019. Any delay would severely affect the election preparations if it extended into the 2020 calendar year.

Assemblywoman Jauregui said the county officials were very clear because she asked the question twice. They said automatic voter registration would be done by January 2020.

Mr. Thorley replied that he did not want to speak for the counties. He knew a concern of theirs was to ensure that the staff resources were available to prepare for the 2020 election cycle because they started gearing up for election work in January of 2020. He said the Office was working hard to get the project completed as soon as possible. He lacked sufficient information at this time to make a firm timeline commitment.

Assemblyman Sprinkle said he had questions about the timeline because he heard several different things and a fair amount of ambiguity. He asked about the comment made regarding hiring staff tomorrow. He wondered when the project team would be hired.

Mr. Kozeniesky replied that he talked about hiring the contractors who would be the project management team through the state purchasing process that would go out to bid starting tomorrow, and he had asked for an expedite on that. The Office of the Secretary of State would work in conjunction with the Purchasing Division, Department of Administration, to bring in candidates for interviews as quickly as possible. He wanted to have the project manager hired first. All three positions were being advertised, and candidates could be interviewed in the next two weeks. His aim was to move aggressively and have the project team ready in two weeks. The team would work directly for his information technology (IT) staff and in conjunction with the working group and DMV. The team would work on tasks associated with the different scenarios that had been developed, study other requirements, and develop the timeline. It would collaborate with the working group and then develop options through June 30, 2019. The Office would clearly work toward identifying solution options within that timeframe.

Assemblyman Sprinkle asked when either one or a multiple of the four scenarios that had been presented to the Committees would be chosen. He heard that the counties needed the voter registration project completed by January 2020, and he wanted to know when the Legislature would know which one of those four scenarios would be used.

Mr. Kozeniesky replied that he failed to mention earlier that the registrar of voters from Clark County was also a member of the steering committee. The committee was acutely aware of the comments regarding being ready for that January 2020 deadline. The Office produced those four scenarios for the fiscal note for the 79th Session (2017). It understood the urgency and tasking of the contract team to analyze those scenarios as quickly as possible. He said staff was already doing that analysis with the working group. He was unsure that the scenarios would be selected within two meetings or four meetings. The Office was working on the project weekly with DMV to identify the proper steps, and the next steering committee meeting would be held in two weeks. He intended to take all this input back to the working group and identify parameters for that timeline as soon as possible.

Assemblyman Kramer said the Office had four options. If it turned out that the option that was chosen was the \$4.8 million option—and he understood there might be some prudence in deciding that—then the project might become more than a two-year project. Unfortunately, the project had to be completed before the primary election in 2020. The Office would have to plan a project of this size. Once the scenario was selected and funding was authorized, the Office would need to have some idea of the timeline, and the Legislature could be given that information to provide some comfort.

Assemblyman Frierson asked whether the body that made the decision was advisory. He wanted clarification about whether the Office would make the decision with input or whether a process would be followed that allowed a majority of the body to make the decision. He asked who would make the decision. He was concerned that the decision was already made, and the Office was going through the motions to sound as though it had a process. He wanted to know whether the decision was already made and whether the Office thought the \$4.8 million option was the best choice. He asked earlier about the process and was unsure whether the body's decision was binding or collaborative. He was concerned that no representative from the body was a member of the Legislature. He wanted to get the registration project going and not waste a month saying input would be considered when the decision had already been made.

Mr. Kozeniesky responded that the steering committee met last week in consultation with the Department of Motor Vehicles and decided that the \$4.8 million option would not work, so that option was no longer being considered. That option was too long, too comprehensive, and too involved for what was required. The steering committee agreed to look at an interim solution to meet the requirements of Question 5. The group of contractors would be doing the difficult analysis work. That group would work with development teams on the type of technical solutions needed by DMV, the transmission methods needed by the counties, and the requirements of the Office of the Secretary of State. That group would work daily,

provide reports, and work in conjunction with the combined working group every week. A report would be made to the steering committee that would make decisions on the technical solutions that were required based on the input received.

Assemblyman Frierson asked whether the steering committee would vote and whether that vote was advisory. He asked for details of the process of the steering committee and who would make the final decision.

Mr. Kozeniesky replied that the steering committee included representation from the Office of the Secretary of State, the Office of the Governor, the counties represented by the Clark County Registrar of Voters, and the Division of Enterprise Information Technology Services (EITS), Department of Administration. The working group members would feed information about the decision options to the steering committee to make a collective decision based on parameters including the timeline, urgency, technical challenges, and input from advocacy groups and local community groups. All that information would be presented to the steering committee. He believed the frequency of the steering committee meetings should be increased to involve the decision makers at the DMV and Secretary of State's Office on a more frequent basis. This registration project was a priority for all the organizations.

Assemblywoman Spiegel said Mr. Kozeniesky mentioned that the steering committee had received input from the community groups. She asked him to provide details about the community groups that were working with the steering committee.

Mr. Kozeniesky clarified that he intended to incorporate the community groups' input into the process, and the item of incorporating input from community groups would be a priority agenda item for the next meeting. It would include using the advisory committees that Mr. Thorley had mentioned earlier. The Office would start to develop a base of collaboration with those groups. The Office was not there as yet, but it was developing that design and moving to where the process would be widely collaborative.

Chair Carlton said the Office had a technology investment request (TIR) for a little over \$2 million for the Aurora system two years ago. She heard about some upgrades and asked for details about the funding and the status.

Mr. Thorley responded that the Office was currently in the middle of a large enhancement of Aurora, which was the online campaign finance filing program. The Legislature heard a request during the 79th Session (2017) for an appropriation to purchase an off-the-shelf product from a vendor, but the request was not approved. A variety of vendors sold products that supported campaign finance filing. The Office determined that existing internal resources in its information technology section were available to perform the Aurora enhancement project. Staff started that work about three months ago and had already done one minor release of enhancements that were not visible to the users. Another release was scheduled for the spring. A final release was scheduled for the summer of 2019 to conclude

all the enhancements related to the Aurora project. The Office believed that those enhancements would significantly improve the user experience for those individuals filing reports but also for those members of the public, media, or stakeholder groups that used Aurora to look up campaign finance information.

Chair Carlton asked where the Office was able to find an additional \$2 million to fund that project.

Mr. Thorley responded the Office of the Secretary of State used internal resources, internal application developers, and internal Office project management team staff to complete the project. The money that was requested two years ago would have been spent to purchase an off-the-shelf product from a vendor. The Office decided not to pursue that option because the \$2 million was not approved. It then decided to use existing resources to make enhancements to the current Aurora system that had been originally created in-house about ten years ago. Aurora was a piece of software that was owned by the Office, and existing staff was currently making enhancements to the program.

Chair Carlton said she would like to learn a little more about that Aurora upgrade during the session. She saw the funding recommendation for ballot stock and wanted to ensure that referred to the provisional stock that was supplied to individuals when the electronic voting did not work for them and there was a problem. She asked for clarification of the ballot stock recommendation.

Mr. Thorley replied that the ballot stock referred to the actual paper on which the absentee and mailed ballots were printed.

Chair Carlton said she wanted to ensure that ballot stock was funded appropriately because the state had seen more absentee and mailed ballots. Because of all the discussions about registration, she needed to ensure that individuals who voted via absentee ballots or mailed ballots had that opportunity and were not told that there was a shortage of those ballots. She wanted to ensure there was sufficient money for ballot stock because she expected a vibrant election season and she did not want any voter turned away.

Assemblywoman Monroe-Moreno said she heard during a hearing before the Assembly Committee on Legislative Operations and Elections that a number of the county registrars of voters said they wanted the provisional ballots to be used not just for the federal races but for all of the races. She asked whether additional funds would be requested in the future if all races were on the provisional ballots.

Mr. Thorley replied that the provisional ballots were voted using the voting machines just like a regular ballot. Voting a provisional ballot did not incur a cost related to ballot stock. The ballot stock was strictly the physical paper that was used to print absentee and mailed ballots that were sent to voters for them to mark and return. An increase in either the number

of contests on the provisional ballot or an increase in the number of provisional ballots cast would not affect the amount of ballot stock needed.

Chair Carlton said there were no other questions on budget account (BA) 1050, and she would take questions on BA 1051.

Senator Denis said the state had a system that was disaggregated, and every county had a different voting system. A person who tried to hack into the voting systems would have to hack into 17 different systems. He asked for details of the budget recommendation to use Help America Vote Act (HAVA) grant funding to enhance election security. He asked whether the Office recommended improving security at the state level or improving security for each of the 17 counties.

Mr. Kozeniesky responded that earlier in fiscal year (FY) 2019, the Office received authority from the Interim Finance Committee (IFC) to allocate funds for intruder detection systems that had been purchased and provided to the counties, as well as an associated service contract. The contract included services provided to the counties, and the Elections Division worked with the counties. A Department of Homeland Security hunt-and-incident response team visited the Office last October and studied all aspects of the servers for the election processes and the connections between the state, the counties, and the business applications. The team provided recommendations that ranged from software and hardware improvements to various systems to enhance security. The recommendations included training and seminars for the information technology (IT) staff. Those items were on the list of HAVA expenditures for FY 2019 and FY 2020 to enhance security at the state level and to complement the counties' voter processes.

Senator Denis asked for details about the contract and the team that the Office created.

Mr. Kozeniesky replied that the HAVA contract team had been working on recommendations from the Department of Homeland Security team, requirements and challenges that the counties faced, industry's best practices, and what other states were doing. The HAVA contract team had some success related to elections processes and network security. The Office was in the process of developing an update for the Legislature about that team. The new program manager had been at work for six weeks. The Office would hire two business process analysts to add to the security team this week.

Senator Denis asked for details about how Nevada election processes compared to other states.

Mr. Thorley responded that there were primarily two main voter registration models. There was the "top-down" model where the chief election officer of the state owned and maintained the voter registration database, and each individual jurisdiction within that state (whether it was a county, town, or parish) fed information directly into that system. The other model was a "bottom-up" model that was used by Nevada. The local election official owned,

operated, and maintained a voter registration database separate from all the other counties. Those separate databases fed data into the statewide database system on a periodic basis, which was nightly in Nevada, to create a statewide voter registration database. Those were the two models. Some states operated a hybrid model. He did not have the exact numbers of which states used the top-down model and which states used the bottom-up model. He could provide that data to the members. He believed that over half of the states used the top-down model.

Senator Denis asked whether one model was more secure than the other model.

Mr. Thorley replied that Nevada had 17 counties and each county had its own voter registration database. It was important that those databases were secured and protected. There was a great difference between the amount of resources that the counties had available to fund network security and other IT security. Some large counties had a significant amount of financial and human resources to work on election security, but some of the smaller counties lacked those resources. A state was only as strong as its weakest link when it came to security. If 16 counties did an excellent job but one county did a poor job, then the state was vulnerable. It was easier to secure 1 system than 17 systems. If resources were dedicated to one system, then that would be the better security option.

Senator Denis said he thought the 17 systems would be the most secure because a person could hack into 1 system but the other 16 systems would still be safe.

Mr. Thorley agreed. He said it was not a situation where all the pros supported one model and all the cons supported the other model. There were pros and cons with each model, and those had to be weighed.

Senator Woodhouse asked what outcomes the Office intended to accomplish with the five-year federal HAVA grant.

Mr. Kozeniesky responded that the Office was working on year one right now as it planned for the five-year project. He concentrated on establishing the resources and identifying the exact requirements for the cybersecurity apparatus both at the state level and the county level and then providing staff, contractor expertise, and training. He intended to concentrate on HAVA work for the remainder of the year into fiscal year (FY) 2020. He would focus on the technical solutions, the software, the interconnectors for the networking, the various trainings offered to staff, and he would draw on the expertise of the Department of Homeland Security. The Office had already requested another assist visit from the Department of Homeland Security that would be scheduled for later in the spring. He would use that team in the best possible way over the next year and then make an assessment whether to continue with the team. Right now his assessment determined that the grant could be used for technical solutions; the expertise needed to work with the counties and the state; and to institute procedures, practices, and policies. He would make an evaluation of the grant uses

in the middle part of FY 2020. He would then focus the remaining grant funds elsewhere for the balance of the two years.

Chair Carlton asked for an update on the money appropriated by the Legislature during the 79th Session (2017) for voting machines. She understood how important the voting machines were for the mid-term election, and her instincts were right because it was a substantial midterm election for which to prepare. She asked whether there was anything the Legislature needed to be aware of and how the funding mechanisms worked for the counties. Some counties had more resources than others, and she asked about the status.

Mr. Thorley responded that Assembly Bill 519 of the 79th Session (2017) appropriated \$8 million to the Office of the Secretary of State to use as grant funds to allocate to the 17 counties to assist them with the purchase of new voting equipment. He thanked the Legislature for the appropriation on behalf of the counties and the Office of the Secretary of State. It was greatly appreciated, and the counties saw a huge benefit from that funding that allowed them to move forward with the replacement of the aging voting system. Most states were still trying to determine how to replace the voting machines while Nevada had already completed that task. Other states had tried to work with the legislatures to receive funding but had not been nearly as successful as Nevada. The \$8 million was used to offset a portion of the cost of replacing the voting systems. Each county had to pay its portion of the replacement cost. Clark County received \$4.5 million of the \$8 million. The allocation from the state covered about one-quarter of the total replacement cost, and county funds paid the remainder. Clark County had been planning to replace its equipment, and it would have done so regardless of whether the state provided any funding. Washoe County received about \$1.7 million that covered about one-third of the cost, and the county paid the remainder. The remaining \$1.8 million of the state appropriation was divided among the other 15 counties, and that paid for roughly one-half of the total cost with the counties paying the remainder. All the counties were able to obtain new voting equipment in late calendar year 2017 or early in 2018. The counties used the new voting equipment in the 2018 primary and general elections. Sixteen counties purchased a voting system from one vendor, Dominion. Carson City purchased equipment from a different vendor. The rollout of the new voting equipment had been largely successful. During the 2018 primary election, the Office became aware of a few problems related to the machines. The problems were largely human errors, not defects in the programming or capabilities of the machines. Most of the poll workers statewide were experienced, and it was just a learning curve to become accustomed to the new equipment and how it worked. There were very few reported incidences, glitches, or other mechanical problems for the 2018 election. The Office was required by statute to prepare a progress report and provide it to the Legislature by the end of the month. The report would provide details of any voting machine problems that were reported by the counties.

Chair Carlton said it was good to know the Legislature did the right thing. There would be future conversations about the matters discussed today. She closed the budget hearing on the Office of the Secretary of State and opened the hearing on the budgets for the Public Utilities Commission of Nevada.

COMMERCE & INDUSTRY
PUBLIC UTILITIES COMMISSION
PUC - PUBLIC UTILITIES COMMISSION OF NEVADA (224-3920)
BUDGET PAGE PUC-10

Stephanie Mullen, Executive Director, Public Utilities Commission of Nevada, presented [Exhibit D](#), a copy of a PowerPoint presentation titled "Public Utilities Commission 2019-2021 Biennium Budget Request (FY 20-21) Budget Account 3920." She also presented [Exhibit E](#), a copy of a letter dated January 31, 2019, to Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, authored by Stephanie Mullen, Executive Director, Public Utilities Commission of Nevada, regarding the expanded program narrative - 2019-2021 biennium. [Exhibit F](#) was a copy of a letter dated November 20, 2018, to Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, authored and presented by Stephanie Mullen, Executive Director, Public Utilities Commission of Nevada, regarding workload statistics.

Ms. Mullen introduced her staff. She shared a brief overview of the Public Utilities Commission of Nevada (PUCN) operation, including the mission and operating authority that funded the budget. The PUCN was a regulatory agency that ensured investor-owned utilities complied with laws enacted by the Nevada Legislature. The PUCN's basic regulatory duties, powers, and scope of work were defined by the Legislature and codified in statute. Under the authorities listed on page 2 of [Exhibit D](#), the duties included providing fair and impartial regulation of public utilities; providing safe, economic, efficient, prudent, and reliable operation and service of public utilities; and balancing the interests of customers and shareholders of public utilities by providing them with the opportunity to earn a fair return on investments while providing customers with just and reasonable rates.

Ms. Mullen explained the PUCN's mission was to serve and to protect the public interest, ensure fair and reasonable utility rates, and regulate the delivery of utility services to benefit the economy, the environment, and all Nevadans. The PUCN regulated approximately 400 investor-owned utilities engaged in electric, natural gas, telecommunications, water, and wastewater services; gas and electric "master meter" service at mobile home parks; and some propane systems. The PUCN also monitored gas pipeline safety that included monitoring the design, construction, operation, and maintenance of gas systems, as well as underground excavation near subsurface installations. Additionally, the Rail Safety Division monitored four disciplines within the state that included hazardous materials, operating practices, track, and motive power and equipment. The continuous involvement in the monitoring and oversight of those safety programs helped to ensure a safe infrastructure.

Turning to page 3 of [Exhibit D](#), Ms. Mullen stated that the structure of the PUCN played an important role in meeting requirements set forth in the agency mission. The PUCN contained two distinct parts. The first part was the Commission, which was a quasi-judicial, three-person panel appointed by the Governor in staggered four-year terms. Currently, the commissioners were Chair Ann Wilkinson, Commissioner Ann Pongracz, and Commissioner C. J. Manthe, who presided over contested cases and made decisions regarding the operations of public utilities. The second part was regulatory operations which was an independent division that investigated and audited utility operations and participated as a party in all proceedings before the Commission. Careful attention was given to ensuring the independence of staff, and the Commission was prohibited from communicating with staff in any manner that undermined the due process rights of other parties. However, because the Commission and staff were housed within the same state agency, they shared certain administrative support for matters unrelated to their respective roles as decision-makers and litigants in contested cases.

Ms. Mullen referred to page 4 of [Exhibit D](#) and explained that the PUCN's recommended biennium budget funded five main activities and three support activities that identified the services the agency provided that were crucial to the public interest. She shared some figures that supported those activities and services. Over the last biennium, the PUCN held 49 public agenda meetings, conducted numerous rate and rulemaking hearings including 8 rulemakings that were opened to address legislative directives from the 79th Session (2017), and participated in and ruled on 13 electric and water resource planning dockets. The PUCN issued 21 Utility Environmental Protection Act (UEPA) permits, 56 Certificates of Public Convenience, and commercial mobile radio service certificates. The PUCN also held 26 consumer sessions and community meetings across the state, fielded over 10,400 questions and complaints from Nevadans, conducted 1,290 field day inspections for the pipeline safety program, and inspected over 31,000 rail units. Additionally the PUCN's safety division investigated 7 gas incidents and 62 railroad incidents, issuing nearly 170 compliance orders, and collected over \$545,000 dollars in fines and penalties that went to the State General Fund.

Ms. Mullen turned to page 5 of [Exhibit D](#) and provided a summary of the revenues recommended in the biennium budget. It was important to note that the PUCN was funded primarily through an annual regulatory assessment or mill assessment and did not compete for General Fund money. The mill assessment was an annual collection that was based on the revenues of utilities that operated in Nevada. Using reported revenues from the utilities and 704B customers and its anticipated expenditures, the PUCN was able to determine what mill assessment rates were needed to meet the needs of the agency and keep the agency within the optimum reserve range. The optimum reserve range was approximately 25 percent of expenditures or between \$2.9 million and \$3.4 million. A mill represented one-tenth of one cent assessed on utility assessable revenues reported to the PUCN on an annual basis. The current statutory maximum amount of mills that could be assessed was 3.5 mills. Currently, the mill assessment rate was projected to be set at 3.05 mills. That was a decrease from the current rate of 3.28 mills for fiscal year (FY) 2019. With the mill

assessment set at 3.05 mills, PUCN anticipated roughly \$23.3 million in revenues to be generated over the biennium. Decreasing the annual assessment from 3.28 to 3.05 mills would decrease the monthly residential ratepayers' bills by approximately 4 cents for an annual cost effect of approximately 54 cents.

The gas pipeline safety program used the Federal Gas Pipeline Safety Grant that provided up to 70 percent reimbursement to the PUCN. Ms. Mullen anticipated approximately \$1.4 million in reimbursement over the biennium. She mentioned that because of the continued efforts in transparency with pipeline safety inspections and findings, the PUCN's program had once again been ranked number one on the National Pipeline Safety Trust scorecard. The PUCN had received a first place ranking three years in a row, showing great dedication to the program.

Ms. Mullen referred to page 6 of [Exhibit D](#) and said the PUCN also received funding from the Railroad Safety Program that was funded through rail assessments and hazardous waste disposal fees. She anticipated a collection of \$1.2 million over the biennium. And finally, the PUCN anticipated collecting an administrative fee of \$130,173 over the biennium from the Universal Energy Charge (UEC). The UEC was charged to all customers who consumed electricity and natural gas in Nevada. The PUCN acted as the clearing house for those funds and had the authority to retain an administrative charge of up to 3 percent of collections; however, PUCN currently retained less than one-half of a percent.

Turning to page 7 of [Exhibit D](#), Ms. Mullen summarized the recommended expenditures. The personnel services recommendation of \$23.7 million dollars did not include any additional positions or enhancements. The out-of-state travel recommendation was \$39,368 for the biennium and included travel for the PUCN to continue to participate in national conferences to remain current on changes, trends, and policies that might affect Nevada utility ratepayers. The budget included \$351,621 for in-state travel over the biennium to help the PUCN meet the demands of anticipated growth in the number of cases requiring investigations and hearings. Those funds also allowed the PUCN to continue to hold hearings and consumer sessions in the communities affected by its decisions and afford customers the opportunity to participate and provide comments. It was only during travel for safety inspections and investigations that the PUCN was able to identify and correct safety problems. Fines were then assessed, collected, and transferred to the State General Fund. Additionally, in-state travel funded the leases on 11 vehicles from the state's Fleet Services Division, Department of Administration (4 vehicles for the rail safety inspection program, 6 vehicles for the Nevada pipeline safety program, and 1 vehicle for general agency use). The operating budget included approximately \$2.3 million for the 2019-2021 biennium to cover operating costs necessary for the PUCN to meet its mission. That included rent costs, court-reporting services, legal noticing, memberships, publications, and office supplies.

Ms. Mullen referred to page 8 of [Exhibit D](#) and stated that the category for expert consultants was recommended at \$118,300 for the biennium. The category included outside legal counsel who might be needed to timely respond to changes in policy direction from federal

regulatory bodies, especially where state and federal jurisdictional problems were involved. Also included under the consultants category was a depreciation expert for electric and gas cases. The PUCN did not employ an expert depreciation witness, but that type of consultant might be needed in future cases. For information services, the recommended budget included \$499,345 for the biennium for new and replacement computer hardware and software to upgrade and standardize applications. Those funds would provide remote access and off-site computing capability to staff who required it. Also, the PUCN planned to purchase and transition to Office 365 as recommended by the Division of Enterprise Information Technology Services (EITS), Department of Administration. The recommended training and development budget included \$195,788 for the biennium to fund and administer a training and development plan to meet the needs of the diverse and highly technical occupations that demanded unique and specialized training. The training and development plan provided PUCN employees with the resources needed to meet the demands of the dynamic and ever-changing utility industry and provided incentive and recruitment tools for attracting and retaining key employees. The recommended training budget was an investment in the employees who would provide benefits for the state, the regulated public utilities, shareholders, and consumers.

Page 9 of [Exhibit D](#) provided the workload statistics. Ms. Mullen explained that the PUCN received approval for seven new full-time-equivalent (FTE) positions during the 79th Session (2017). She attached fiscal notes to [Senate Bill \(S.B.\) 145 of the 79th Session \(2017\)](#), [Senate Bill \(S.B.\) 146 of the 79th Session \(2017\)](#), and [Senate Bill \(S.B.\) 150 of the 79th Session \(2017\)](#). The Interim Finance Committee (IFC) at its August 24, 2017, meeting approved the positions through work programs that included five senior attorney positions, one economist position, and one electrical engineer position. The IFC requested that the PUCN provide an update to the Legislature during the 80th Session (2019) on the bills and the workload of the agency.

Hayley Williamson, Assistant General Counsel, Public Utilities Commission of Nevada, provided a brief status of those bills and positions. First, [S.B. 145 of the 79th Session \(2017\)](#) expanded the programs eligible for incentives under the solar energy systems incentives program and created two new programs: the energy storage program and the electric vehicle infrastructure demonstration program. The new programs, along with the wind, waterpower, and solar programs, were administered through the renewable plan, filed annually in February.

Ms. Williamson said the new energy storage program provided incentives for the installation of energy storage systems that had a nameplate capacity of at least 100 but not more than 1000 kilowatts by certain customers of an electric utility. The Commission promulgated regulations that required each utility which supplied electric energy in Nevada to file an annual plan with the PUCN related to the energy storage program. The bill also created the electric vehicle infrastructure program that helped to carry out the goals of the electric vehicle highway corridor; incentivize electric vehicle charging stations at places of work and multifamily dwellings; and convert vehicle fleets to electric. Finally, the bill required the

Commission, from January 1, 2018, to December 31, 2023, to authorize payment of incentives in an amount of not more than \$1 million per year for the installation of solar energy systems and distributed generation systems that benefited low-income customers. NV Energy filed its first annual plan in February 2018 and recently filed its 2019 plan as well.

Ms. Williamson continued that S.B. 146 of the 79th Session (2017) required that an integrated resource plan or integrated resource plan amendment include a distributed resource plan. The bill defined a "distributed resource plan" as a plan for distributed generation systems, energy efficiency, energy storage, electric vehicles, and demand response technologies. On June 1, 2018, NV Energy filed its first joint integrated resource plan. NV Energy operated as two separate companies. The PUCN continued to work through the multiple phases of the resource plan process. The PUCN issued another order at its last agenda meeting.

Ms. Williamson noted that S.B. 150 of the 79th Session (2017) required open rulemaking. Assembly Bill 223 of the 79th Session (2017) also required open rulemaking for new energy efficiency regulations and goals. The PUCN combined the dockets and rulemaking of those two bills. The PUCN's regulations to enact those bills established goals for energy savings for each electric utility for the period beginning January 1, 2022, and ending December 31, 2024, and provided the goal for energy savings for each electric utility after that period. The PUCN's regulation required demand-side plans to optimize energy savings and to be cost-effective as a whole. Finally, the PUCN regulations required an expenditure of not less than 5 percent of the total expenditures related to energy efficiency and conservation programs for programs directed to low-income customers of the electric utility. In December 2018, the PUCN presented workload statistics to the Interim Finance Committee (IFC) regarding those three bills and the new positions stemming from those bills. The PUCN also included those workload statistics as an attachment to this budget presentation ([Exhibit F](#)). The seven positions, as noted earlier, included five senior attorneys, one economist position, and one electrical engineer position. After the recruitment and interview process, the economist and four attorneys began employment on September 1, 2017, one attorney began on December 1, 2017, and the electrical engineer began employment on June 18, 2018.

Ms. Mullen said that concluded the PUCN presentation, and she would be happy to answer any questions.

Chair Carlton said she understood that with the resources that had been provided, the PUCN was able to meet all the workload demands created by the legislation approved during the 79th Session (2017).

Ms. Williamson confirmed that PUCN was appreciative of the additional staff positions approved, and PUCN had met its workload with those positions.

Chair Carlton asked about the mill assessment. The Executive Budget contained a 3 percent cost-of-living (COLA) increase for the staff salaries, and she asked whether that had been accounted for in the PUCN budget and the reserves.

Ms. Mullen responded that while the PUCN was unable to build the COLA into the budget during that process, she anticipated reserves coming in higher than the \$3.9 million amount reflected in The Executive Budget at the end of fiscal year 2019. The reserves would probably be about \$4.2 million to \$4.4 million, and she believed the PUCN would be able to absorb the 3 percent COLA.

Chair Carlton asked Ms. Mullen to work with the staff of the Fiscal Analysis Division, Legislative Counsel Bureau, to ensure the COLA would be covered.

Assemblywoman Spiegel asked about railroad safety. Recently, it was revealed that the U.S. Department of Energy (DOE) secretly shipped about one-half metric ton of weapons-grade plutonium to Nevada. She believed the plutonium was shipped by truck. That opened the possibility in her mind that there might be future secret shipments sent to Nevada by rail. She wondered whether there were some plans in place to ensure public safety should the DOE start secretly shipping additional materials through Nevada by rail.

Anne-Marie Cuneo, Director of Regulatory Operations, Public Utilities Commission of Nevada, testified that she was in charge of the railroad safety program. With regard to the transportation of hazardous materials, *Nevada Administrative Code* (NAC) 705.321(2)(d) provided that a railroad that transported hazardous materials by rail into, out of, or through the state should, no later than April 1st of each year, file with the Commission a listing by line points or segments of each hazardous material that the railroad transported through the state immediately in the preceding calendar year for any material that carried a code number of 48 or 49 pursuant to the Standard Transportation Commodity Code (STCC) numbering system published by the Association of American Railroads. The STCC section 49 was created in 1976 and included commodities such as plutonium 234 through 245 that were designated hazardous by the U.S. Department of Transportation. Therefore, the PUCN received annual notification after the fact by April 1st detailing any use of railroads to transport plutonium into, out of, or through Nevada. The PUCN did not get prenotification but received notification after the fact. The rail inspector was a hazardous materials (HAZMAT) inspector and randomly inspected rail cars. He might perform a random inspection and find hazardous materials during an inspection of those cars.

Chair Carlton said that was important. She had always worked under the assumption that the state received some type of prenotice to let everyone know that hazardous materials were about to invade the state. She asked whether any federal notice was required before shipping plutonium through Nevada.

Ms. Cuneo responded that no federal notice was required.

Chair Carlton said it appeared that if the state wanted to know ahead of time, then the Legislature needed to change the ground rules.

Ms. Cuneo confirmed that as the statutes and regulations were currently written, the state was only notified after the fact.

Assemblywoman Titus expressed concern because the rails ran through her district, and she needed some clarification. She understood the PUCN performed an inspection on 31,000 rail units. She asked for a definition of a rail unit because it did not appear to be the miles and how much was inspected.

Ms. Cuneo responded that a rail unit was defined by the federal rail administration, and it differed depending on the type of inspector who performed the inspection. For example, a track inspector might perform an inspection of miles of track. A HAZMAT inspector might inspect a number of tank cars and placards for HAZMAT. A motive power and equipment inspector might inspect every component of a rail engine, including brakes, engine, and space between the wheels. An operations inspector might inspect the individual personnel records of the railroad. The definition of a rail unit depended on what type of inspection was performed by an inspector. The PUCN inspectors generally traveled 50 percent of the time and sometimes more. The PUCN had one track inspector located in northern Nevada, and he went out every week of the year and traveled all the time to inspect the track. The HAZMAT inspector, motive power and equipment inspector, and operations inspectors were all based in Las Vegas and traveled to northern Nevada two weeks out of the year to inspect everything in northern Nevada. The inspectors spent two weeks in southern Nevada to inspect the local yards there.

Assemblywoman Titus asked whether the PUCN had only one HAZMAT inspector.

Ms. Cuneo confirmed that PUCN only had one HAZMAT inspector and had four rail inspectors for the entire state.

Assemblywoman Titus said she was told that the rail spurs that came through her district down through Wabuska and up through Mason Valley and Fallon were maintained by the railroad companies, but some rail spurs were maintained by the military. She asked whether that was accurate and whether the PUCN had authority to go on the rails that were maintained by the military.

Ms. Cuneo confirmed that it was accurate that certain portions of the rail lines were maintained up to a certain point by the railroad companies such as Southern Pacific or Union Pacific Railroads and other portions could be privately owned. The PUCN had some arrangements with private rail companies to inspect, but she would provide supplemental data about the PUCN arrangements to inspect rail spurs on military bases. There was no direct rail line into Yucca Mountain so there was no way for materials to get directly on a rail

from anywhere else in the country to Yucca Mountain because there was no rail spur that went there.

Assemblywoman Titus said there was more in the state than Yucca Mountain, especially in her district, and things were delivered there and did not leave. She wanted some clarification about where the PUCN authority stopped and how much was inspected on those private lines.

Ms. Cuneo agreed to provide supplemental details regarding the matter.

Chair Carlton said the Committees' meetings could get interesting at times. She asked whether there were any further questions. There were no additional questions. She opened public comment in Las Vegas and Carson City. There were no public comments.

There being no further business before the Committees, Chair Carlton adjourned the meeting [at 9:39 a.m.].

RESPECTFULLY SUBMITTED:

Janice Wright
Committee Secretary

APPROVED BY:

Assemblywoman Maggie Carlton, Chair

DATE: _____

Senator Joyce Woodhouse, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a PowerPoint presentation titled "Nevada Secretary of State Barbara K. Cegavske Budget Presentation 2020-21 [2019-2021] Biennium," presented by Barbara K. Cegavske, Secretary of State, Office of the Secretary of State.

[Exhibit D](#) is a copy of a PowerPoint presentation titled "Public Utilities Commission 2019-2021 Biennium Budget Request (FY 20-21) Budget Account 3920," presented by Stephanie Mullen, Executive Director, Public Utilities Commission of Nevada.

[Exhibit E](#) is a copy of a letter dated January 31, 2019, to Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, authored and presented by Stephanie Mullen, Executive Director, Public Utilities Commission of Nevada, regarding the expanded program narrative for the 2019-2021 biennium.

[Exhibit F](#) is a copy of a letter dated November 20, 2018, to Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, authored and presented by Stephanie Mullen, Executive Director, Public Utilities Commission of Nevada, regarding the workload statistics.