

# Companies confident for 2000

Don't look for doomsday predictions from companies providing services to people living in Southern Nevada.

By John G. Edwards  
Review-Journal

Are you OK for Y2K?

No problem.

That's the almost universal response that businesses give when asked if the Year 2000 computer issue will cause problems for them or their customers.

A better question might be: Is there any reason a business with a Y2K deficiency would want to admit to the problem in advance?

The answer is yes. They might face liabilities for making false statements to public stockholders or customers.

Any company that tells customers its products are Y2K compliant faces legal liability, said Randall Mainor, a Las Vegas plaintiffs' lawyer who won a record \$25 million verdict in a personal injury lawsuit over a paraplegic injured by a bus.

For example, a customer could sue a software firm if it didn't notify him of a deadline for a court filing. Or someone could sue a bank if its computer problems caused financial losses.

"If they tell me they're compliant (with Y2K) and they're not, there's a cause of action there," Mainor said.

"There are going to be problems," Mainor said. "I just hope they'll be minimal because they'll affect every one of us."

Public companies also may be held liable for misinformation they provide to stockholders, experts said.

The Securities and Exchange Commission has warned that "many public companies are not providing the quality of (Y2K) disclosure that we believe investors expect."

The SEC said companies with publicly held shares should advise investors if their Y2K assessment isn't complete. Also, a public company should disclose if it determines Y2K problems "would have a material effect on the company's business, results of operations or financial condition."

The commission proposed that companies disclose their readiness, costs of addressing Y2K issues, the risk of Y2K problems and contingency plans.

Lawyers who sue public companies on behalf of stockholders say companies that lie about their Y2K readiness will be prime targets if their Y2K glitches cause serious problems for the company or its stock price.

"If they lied, you bet (they're liable to stockholders). That's the one I want," said Howard Roitman, a class-action lawyer with Shirinian & Roitman.

"It's a slam-dunk if they know and don't tell you," Roitman added.

Phil Aidikoff, a Beverly Hills, Calif.-based lawyer of counsel to Las Vegas' Posen & Posen, expressed a similar view. If a company simply fails to disclose a potential millennium problem, it's tougher to get a judgment, Aidikoff said.

The computer problem would need to have an effect on the company or its stock price for it to face legal liability, he added.

"Does it matter if Coca-Cola is not Y2K compliant? I don't know," Aidikoff said.

"Does it matter if an accounting firm is not?" he continued. "You bet."

Many small, privately owned businesses seem uninterested in Y2K's potential effect on their operations.

A survey in June by the Las Vegas Chamber of Commerce indicated that about one-third of the smallest businesses aren't worried about Y2K. The report said that 33 percent of Las Vegas companies with 10 or fewer customers haven't done "a formal and complete Y2K review" and don't plan to do one.

The chamber survey showed that the number of businesses that don't care drops to 11 percent for businesses with 11 to 25 workers and to 2 percent for small businesses with more than 25 employees.

In addition, 62 percent of small businesses are uncertain whether their suppliers are ready for the millennium, the chamber reported.

The Small Business Administration in September estimated that 20 percent to 30 percent of the nation's small-business owners haven't tried to determine whether their computer systems are ready for the millennium. The SBA even offers a Y2KAction loan to help small companies remedy the situation. It also will make guaranteed loans to small businesses that lose money because of Y2K problems.

Almost unanimously, individual businesses contacted about Y2K say they expect few or no problems.

#### **ELECTRICITY**

Utilities are key for life as we know it, but nothing plays a more central role in modern life than electric power. For that reason, all eyes turn to Nevada Power Co. when concerns about Y2K are discussed. "We understand that our company is one of the linchpins of the lifestyle that we have in Las Vegas," said Thomas Moore, a spokesman for Nevada Power. Y2K is "easily the highest priority for us right now," Moore added.

Nevada Power says it's 98 percent Y2K ready for critical functions.

"We have one generator that needs to be made compliant," said Willie Wright, project manager for contingency planning at Nevada Power.

One of four units at the Reid Gardner facility in Moapa Valley will get new computer systems this fall after summer heat dissipates, reducing power consumption for air conditioning, spokesmen said.

Noncritical systems include personal computers on workers' desks, billing and metering. Contingency plans have been written for those functions.

The company said it will have 25 percent of its generating capacity in reserve for New Year's Eve.

The company intends to have workers monitoring breakers and substations so the controls can be operated manually if computer controls fail, Wright said.

"All the big hotels have backup generators," said Sherry Holman, an account executive. "The hospitals have even more extensive backup generation."

The utility is working with its counterparts throughout the Western United States, Mexico and Canada to minimize the load carried on transmission lines so excess capacity can help out any utility with an unanticipated power shortage.

Natural gas, telephone and water utilities also claim to be ready for the millennium.

"We're reasonably comfortable that (utilities regulated by the PUC) are on par with the the national Y2K effort," said Don Soderberg, chairman of the Public Utilities Commission.

## **NATURAL GAS**

Southwest Gas Corp. said all of its "business-critical systems will run normally on New Year's Day and beyond." Vendors also promised Southwest Gas they are Y2K compliant.

"Unlike many businesses, the natural gas industry is easily operated manually," Senior Vice President Dudley Sondeno said in a statement. Southwest Gas will be staffing key locations to operate the equipment manually if an unforeseen computer problem develops.

## **WATER**

The Las Vegas Valley Water District can operate for limited of periods of time without power, said Jim Ellsinor, director of information systems.

If something goes wrong with power supplies for the pumps that bring water from Lake Mead, customers will have four to five days of supplies, Ellsinor said. That's the amount the district will store in reservoirs uphill from customers so gravity can deliver the water, he explained.

The water district uses only one-fourth of the water normally consumed in the summer during the New Year's period.

"Even in the peak summertime, when we've had problems, (the outage) is measured in hours, not days," Ellsinor said.

If the district's water computer system fails, the district can revert to manual control on valves and pumps, he said.

## **PHONES**

Sprint, the dominant provider of local telephone service in Southern Nevada, has been completely tested and is ready for Y2K, said Dawn Merritt, a Y2K specialist at Sprint. Long distance service is 97 percent tested and will be 100 percent ready by November, she said.

The Kansas City-based telecommunications giant declines to break out information for its local exchange service in Nevada.

"Time off and vacation time have been canceled for most people that are in critical positions in case there are problems," Merritt said.

When natural disasters such as earthquakes knock out land-line communication services, people often turn to cellular and other wireless telephones, said Sylvia Munoz Schnopp, director of corporate communications for AT&T Wireless Services.

"We've had quite a bit of review going into this and feel we're ready," Munoz Schnopp said.

## **FOOD AND DRUGS**

Among the necessities, groceries and pharmaceuticals rank high, but Raley's, the Sacramento, Calif.-based chain that recently acquired 19 Albertson's stores in Las Vegas, sees no reason for concern.

"We're planning for business as usual," said Carolyn White, communications manager for the supermarket company.

Raley's, which has become accustomed to earthquakes, always encourages customers to be prepared, she said.

"I would have a couple of extra cans of soup in my cupboard," she said. Also, fill any prescriptions that will run out in January.

## **HOSPITALS**

"We feel we're where we need to be," said Mark Howard, chief executive officer of Las Vegas' 120-bed MountainView Hospital, which was built in 1996.

"Being a new hospital, we've really had it easier than most people" in the health care industry, he said. The hospital has spent only \$120,000 in the past two years on Y2K issues, he

said.

Some federal officials have expressed concern about Y2K preparedness in health care around the country.

Howard, chairman of the American College of Health Care Executives, is optimistic about the industry generally. Some older hospitals in inner cities and in rural areas may not have funds to update computer systems, but they are the exception, he said.

"Overall, I would say that the health care industry is not going to have a problem with Y2K," he said.

### **AIR TRANSPORTATION**

Fear of flying appears to be heightened during the New Year's holiday period, but aviation officials say the public has little reason for concern.

"There's nothing in airplanes that would cause them to fall out of the sky because of the date change," said Mitch Barker, a spokesman for the Federal Aviation Administration.

The FAA uses computers to track flights, and its system has been Y2K compliant since the end of June.

FAA Administrator Jane Garvey Spelling said she will demonstrate her faith in airline transportation. She promises to take a flight from Washington to Dallas-Fort Worth to San Francisco on New Year's Eve.

"She's doing that to express her confidence in the work the agency has done to prepare for the millennium," Barker said.

Airline spokesmen also were confident.

"We believe we're ready for that, and everything is up to par," said Lauren Wiginton, a spokesman for Southwest Airlines, the dominant carrier serving Las Vegas.

"With Southwest, safety is always our first concern," she said. "It's no different than any other day, but we want to make sure we're ready."

Las Vegas-based National Airlines started operations in May and has been assured by Boeing that all its equipment is ready to make the big date change, said Dik Shimizu, an airline spokesman.

The outlook for air travel looks safe from the county's perspective as well.

"I don't think there's anything to worry about," said Mark Traasdahl, Y2K coordinator at McCarran International Airport.

The airport got new security equipment in June 1998 with the construction of the D gates.

Neither the metal detectors nor X-ray equipment is date-reliant in any case, he said.

The default setting for airport lights is turned on, so if the computers go haywire during daylight, all the airport will do is waste some power, he said.

The baggage system is manually controlled, he added, and the escalators, elevators and moving sidewalks aren't "date dependent."

The five county airports used by general aviation have automated fuel systems.

"We're good to go on that," Traasdahl said.

### **GASOLINE AND FUEL**

Worriers might note that Las Vegas gets most of its gasoline and some jet fuel by two pipelines leading from the Los Angeles harbor.

GATX Terminals owns the 16-inch and 12-inch pipelines, and it sees no cause for alarm, said Aaron Hoffman, a company spokesman.

If the pipeline is shut down for a day, the average consumer will never know the difference, given the inventory of gasoline in storage in Las Vegas, Hoffman said.

"If the line goes down for a week, you guys will have a problem," he acknowledged. The solution: ship more fuel by truck.

Paul Langland, a spokesman for Atlantic Richfield, the dominant gasoline retailer in Las Vegas, expects no major problems.

Arco stations will build up gasoline supplies during December to make sure no shortages occur, Langland said. "Historically, demand has always dropped off these last two weeks of December due to the holidays," he added.

Langland offered consumers a tip: "It's OK to be prepared, but let's not top off (tanks) or store gasoline in unsafe containers."

## **CASINOS**

The one-eyed Jack and his video poker friends don't care what year it is.

So when the calendar flips to 2000, it's unlikely a Y2K bug will alter operation of video poker and slot machines, said Randy Adams, an executive at Anchor Gaming.

"It won't affect the (slot) machines at all," which are independent terminals, Adams said.

"A lot of them don't even have dates and times in them," he said.

Problems could develop in computer systems that pull information from slot machines and feed the data to casino offices, he said. In the gaming business, those are called computerized online, security, accounting and player tracking systems.

Even if a casino's player tracking system fails, however, the computer problem won't affect gamblers, the operation of slot machines or the payout odds, he said.

Computer companies are fixing some casino player tracking systems but are advising operators that it's cheaper to replace other outdated player tracking systems, Adams said.

Adams is confident that companies operating progressive jackpot systems for multiple casinos are ready for 2000. They won't scrimp on spending in their efforts to protect investments in the progressive jackpot businesses, he said.

## **MONEY AND INVESTMENTS**

Money ranks high on the worry list for many, but the new year is no reason for special concern, bank executives say.

"The banking industry is one of the most prepared industries for the year 2000," said Paul Stowell, vice president of Bank of America.

"We believe it will be business as usual," Stowell said.

Bankers say they have faced intense federal regulatory scrutiny and requirements. Banks have even been required to get borrowers for amounts of \$100,000 or more to complete Y2K check lists to ensure Y2K problems don't interfere with loan payments.

"The safest place to put your money is in the bank," Stowell said. "We don't know of any mattresses out there that are FDIC insured."

Bank of America's 800 automated teller machines have been tested and will function reliably. Don't take out any more cash than you would for any three-day weekend, Stowell advises.

Keep your bank statements and other records as usual, Stowell advised. "It's just good, sound business practice."

Vern Ratzlaff, a certified financial planner with a master's degree in financial services, is waiting for a Y2K-related opportunity for investors, not disaster.

"There may be some (stock) buying opportunities toward the end of the year," Ratzlaff advised. He recognizes that some glitches could occur but doesn't expect anything cataclysmic for investors.

What about gold and precious metals? "We find that precious metals have too much volatility for clients, and we just stay away from them," he said.

Mutual funds and insurance companies, which offer investments such as annuities, are providing guarantees that they won't have Y2K problems, Ratzlaff said.

#### **NEWS MEDIA**

The news media, some say, have been exploiting fear of the millennium for their own purposes, but are they ready to deal with date-sensitive bugs?

Mike Ginsburg, market manager and vice president for Clear Channel, said his company's four area radio stations are ready. He also is confident the Oldies Radio Network, which broadcasts from the top of the Stratosphere, will emerge unscathed by a computer glitch.

The radio stations -- KSNE-FM, 106.5, KWNR-FM, 95.5, KFMS-FM, 101.9, and KQOL-FM, 93.1 -- have two backup systems if their computers crash.

They can use manual tape recordings of programming or digital audiotape.

If all his efforts to prevent a Y2K glitch fail, he will send crews to broadcast directly from transmitters on top of Black Mountain and Mount Potosi.

While some businesses are finalizing preparations for 2000, the public's interest seems to be waning.

"Public opinion has gone from very concerned and somewhat fearful to they don't see it's going to be a very big deal now," Stowell of Bank of America said.