

Colorado River Commission of Nevada

Proposed Allocation Criteria for Marketing Nevada's Share of Hoover Schedule D Electric Power

September 11, 2014 – Pahrump, NV
9:00 a.m. – 11:00 a.m. PDT
Bob Rudd Community Center, Room B
150 Highway 160
Pahrump, NV 89060

September 11, 2014 – Las Vegas, NV
2:00 p.m. – 4:00 p.m. PDT
Nevada Dept. of Transportation
Building B, Training Room
123 East Washington Avenue
Las Vegas, NV 89125

September 12, 2014 – Overton, NV
1:00 p.m. – 3:00 p.m. PDT
Moapa Valley Community Center
320 North Moapa Blvd.
Overton, NV 89040



Agenda

- Welcome and Introductions
- Brief Summary of the History of Allocations of Capacity and Associated Energy from Hoover Dam
- Timeline - Hoover Schedule D Allocation Criteria / Hoover Schedule D Allocation Process
- Proposed Allocation Criteria and General Eligibility Requirements for Schedule D Hoover Power
- Other Requirements and Conditions
- Draft Application for Allocation of Hoover Schedule D Power
- Questions and Comments
- Next Steps

Brief History of Allocations of Capacity and Associated Energy from Hoover Dam

- Construction of Hoover Dam authorized by Congress in 1928; built during the 1930's. Power customers pay all infrastructure, operations and maintenance costs.
- Purpose: flood control, river regulation, navigation, water storage for irrigation and urban uses, and lastly, power generation.
- AZ, CA and NV to receive equal allocations of power; an allocation percentage which has never been met for AZ or NV.
- CRC created in 1935 to secure and protect Nevada's interest in water and power from the Colorado River. First contracts were with Lincoln County and Southern Nevada Power Company in 1936. Over time, the CRC contracted with the other current customers (or predecessors).
- Those original Hoover power contracts expired on September 30, 1987.

1987 Allocation Process

- In the late 1970's, Western Area Power Administration planned to extend the CRC's Hoover Contract beyond 1987 *without* increasing Nevada's allocation above 18%. Nevada filed suit in 1982 seeking a larger share of the total allocation up to 1/3; AZ joined NV in the suit.
- A major increase in capacity and available energy resulted from the Hoover Upgrading Program begun in the 1980's.
- The Hoover Power Plant Act of 1984 allocated most of the additional "uprating" capacity and energy to AZ and NV. The lawsuit against Western was dismissed voluntarily.

1987 Allocation Process

Considerations

1. Allocation by population.
2. Rural area development and diversification.
3. Required “pass-through” of Schedule B power to residential customers of Nevada Power.
4. Industrial development and diversification.
5. Reduction of groundwater pumping.

Commission Decision

1. Criterion determined to be too mechanical and limiting.
2. Commission supported as being important to the State. Encouraged rural economic development.
3. Commission supported a “pass through” – supplied a peaking resource for the benefit of a large number of residential customers.
4. Applied to existing BMI complex customers.
5. Commission determined this criterion would not provide the greatest benefit possible to the State.

2017 Allocation Process

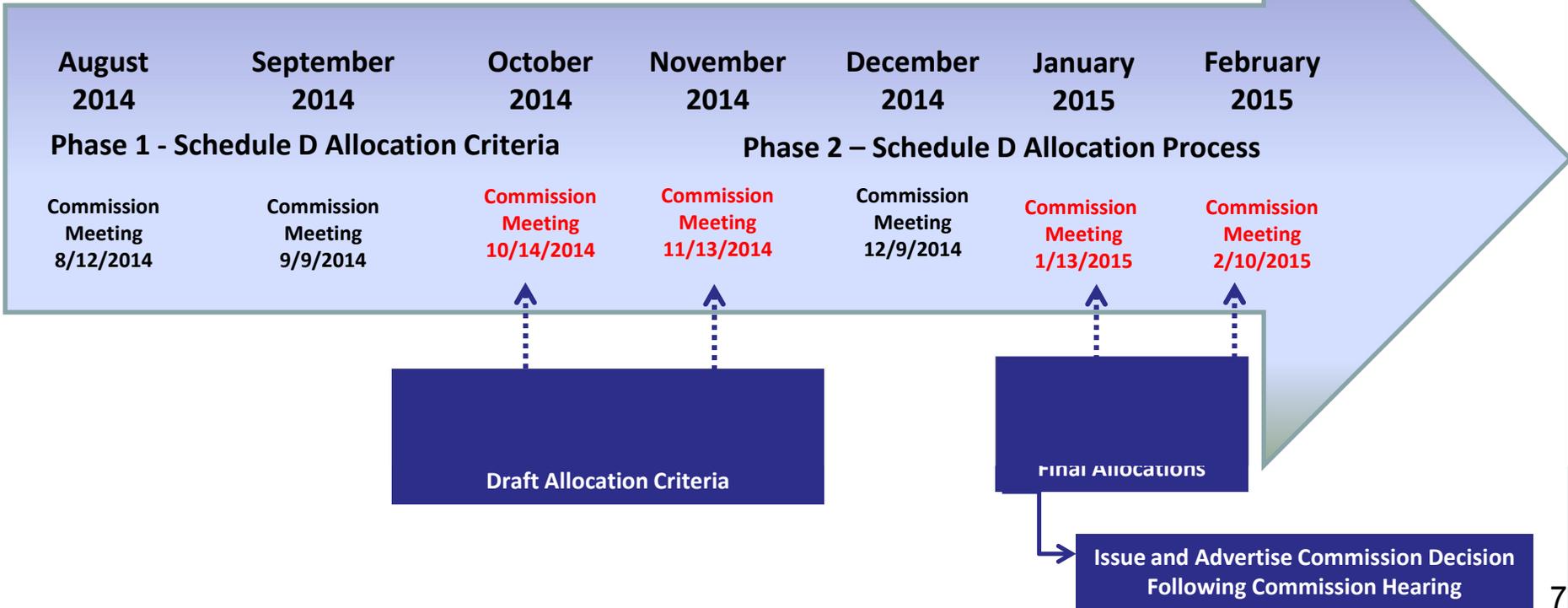
- The term of the 1987 Hoover Power contracts was for 30 years to September 30, 2017.
- In anticipation of the need to extend Hoover contracts beyond 2017, the federal Hoover customers worked jointly to secure legislative allocations of Hoover Power resulting in the Hoover Power Allocation Act of 2011.
- Current federal Hoover customers will be offered new contracts for 95% of their current allocations for 50 years (2017-2067); under State law, Commission determines term length.
- The remaining 5% of capacity and available energy will be offered to new allottees which do not currently receive Hoover Power.

Hoover Schedule D Allocation Criteria / Allocation Process

Public Meetings on Draft Allocation Criteria
September 11-12, 2014

Public Meetings on Allocation Process
October 2014

Application Due
December 2014



Proposed Allocation Criteria & Eligibility Requirements

“The greatest possible benefit to the State”

Support Public Policy Goals

- Economic development (including but not limited to large, industrial, manufacturing or commercial businesses and economic development zones).
- Education.
- Support state, local, and Tribal Government.

Factors

- In-state job creation.
- Exports of made-in-Nevada products.
- New or expanded community or education programs.
- New or increased tax revenues.
- Reduction of expenses for governmental entities.
- Benefit economically disadvantaged areas.

Proposed Allocation Criteria & Eligibility Requirements

“The greatest possible benefit to the State”

Considerations

- Public entity, for-profit or non-profit private entities.
- Amount of federal hydropower currently being used – directly or indirectly.
- Allocations based on actual load in 2011, 2012, or 2013.
- Allocation amounts determined solely by the Commission.
- Subject to creditworthiness review.
- Must be able to receive delivery of Hoover Schedule D power on October 1, 2017.
- **Cannot be a current Hoover Schedule A or B contractor.**
- **Must have an annual load of 1 MW.**
- **Must be able to receive energy directly or indirectly through its local utility at a point of delivery authorized by the Commission.**
- **Must be an entity to which the Commission is authorized by law to sell electricity or provided transmission or distribution service.**

Other Requirements and Conditions

If offered a contract, the Applicant must :

- Pay a proportionate share of Nevada's Lower Colorado River Multi-Species Conservation Program costs, debt service securities for Hoover Visitor Center & Air Slot debt and Hoover Dam repayable advances.
- Participate through the CRC in the Boulder Canyon Project Implementation Agreement.
- Meet the requirements for an Integrated Resource Plan or receive power through an electric utility that does.
- If located within Nevada Power Company's service territory, pay applicable fees, tariff rates and charges pursuant to NRS 704.787.
- Make payments to a cash working fund, prepay for power purchased through the CRC, or provide collateral, or any combination thereof.
- Agree that it is subject to the jurisdiction of the State of Nevada courts or U.S. courts.
- Contract with the Commission within 90 days of being offered an allocation or power may be re-allocated.

Draft Application

1. Applicant Information
2. Retail (End-User) Applicant Data
3. (Wholesale) Electric Utility Applicant Data
4. Applicant Statement
5. Creditworthiness
6. Other Information
7. Acknowledgement

Questions & Comments

Those providing oral questions and comments, please state your name and the entity being represented.

Next Steps

Written comments are due by 5:00 p.m. on **Wednesday, September 17, 2014** to the Executive Director via:

- Email to info@crchoooverallocation.com
- Fax at (702) 486-2695
- Hand delivered or via postal mail to the CRC's office at 555 East Washington Avenue, Suite 3100, Las Vegas, Nevada 89101

Colorado River Commission of Nevada

(702) 486-2670

email: info@crchoverallocation.com

<http://www.crchoverallocation.com>

<http://crc.nv.gov/index.asp>

