

Sandra Fairchild

From: Lisa Ray
Sent: Wednesday, September 17, 2014 9:01 AM
To: Jayne Harkins; Jim Salo; Ann Pongracz; Craig Pyper; Sandra Fairchild; Sarah Ritchie
Subject: FW: Olin Comments Re: Allocation of Nevada Schedule D Power
Attachments: Colorado River Commission Allocation of Schedule D Power - Comments V1.docx

From: Webb, Lloyd B CLEV [<mailto:LBWebb@olin.com>]
Sent: Wednesday, September 17, 2014 6:30 AM
To: Craig Pyper; Lisa Ray
Cc: Martin, Matt CLEV; Muse, Elizabeth K HEND
Subject: Olin Comments Re: Allocation of Nevada Schedule D Power

Craig/Lisa,

Please find attached our comments. Let me know if you have any questions on the comments.

Best regards

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COLORADO RIVER COMMISSION

PIONEER AMERICAS LLC d.b.a. OLIN CHLOR ALKALI PRODUCTS COMMENTS ON THE PROPOSED ALLOCATION CRITERIA FOR MARKETING NEVADA'S SHARE OF HOOVER SCHEDULE D ELECTRIC POWER

Pioneer Americas LLC d.b.a. Olin Chlor Alkali Products (Olin) appreciates the opportunity to submit comments related to the process and application for the Hoover Schedule D power allocated to the State of Nevada. Olin's facility located in Henderson, Nevada in the Black Mountain Industrial Park has long been an important industrial presence in Southern Nevada and we hope to continue this commitment to the State of Nevada.

Please find below our comments on the Schedule D Proposed Allocation Criteria and General Eligibility Requirements and the Colorado River Commission of Nevada Application for Allocation of Hoover Schedule D Power.

- I. **PROPOSED ALLOCATION CRITERIA AND GENERAL ELIGIBILITY REQUIREMENTS** – We support the Colorado River Commission's (CRC) inclusion of economic development as eligibility criteria for the available Schedule D hydropower. We encourage you to expand the eligibility requirements under this category. Although job creation is one objective of economic development, most recognize economic development as much broader than just job creation. In particular, many industries can significantly improve their competitive position and sustainability by investing capital in their facilities. These can have much more impact on the local economy than the addition of a few new jobs. Capital investment can create additional economic opportunities for local contractors, suppliers and customers which often translate into new indirect jobs. Also, investments

such as technology upgrades often provide the launching pad for future expansions that will realize new jobs.

It is also important to consider the impact that economic development measures bring to the local economy. There is a significant multiplier effect that is widely accepted in economic development circles that varies between 1:4 and 1:7. This means that for every dollar invested by a company, the impact on the local economy could be up to seven times more. Typically the creation of new direct jobs is just a small contributor to this multiplier effect. Other hydropower allocation programs, such as the Municipal and Rural Electric Cooperative Economic Development Program in the State of New York, recognize these benefits and structure their programs to award hydropower to industrials that realize the larger economic development benefits. Clearly it can be argued that these types of investments have “the greatest possible benefit to this state”.

Although we understand that those entities that were awarded Schedule D power under the Western allocation may be eligible for additional Schedule D power under this process, we think it should be recognized in the current allocation that there were certain entities such as industry that were excluded from that process. As the CRC conducts their allocation they should recognize that the Western allocation process did not support the needs of industrials and as such, the Nevada allocation process should recognize that the exclusion from the Western process by providing deference to these sectors in the Nevada allocation process.

Any allocation of hydropower to replace an existing supply of power should not result in an unreasonable burden on those who previously supplied power to that entity. In the case of a regulated utility, it is important that the shift of load to

Schedule D hydropower should not excuse the customer from paying the utility for capacity, transmission or ancillary service commitments that were made on their behalf. Also, everything else being equal between two candidates, deference should be given to an existing customer versus a new customer of the CRC given that the addition of a new customer adds administrative costs and additional risk.

All allocations under this process should be at no incremental cost to current CRC customers who are either not eligible for Schedule D power or not awarded Schedule D power under this allocation. Therefore any entity applying for an allocation that requires an investment to support delivery of the Schedule D power must pay the full cost associated for that specific investment.

We support the minimum capacity requirement threshold of 1 MW. This threshold should be based on a single delivery point. We do not oppose entities aggregating load to meet this threshold as long as the entire aggregated load is at a single delivery point. Aggregating at multiple delivery points will create additional costs to existing customers that are unacceptable.

- II. **COLORADO RIVER COMMISSION OF NEVADA APPLICATION FOR ALLOCATION OF SCHEDULE D POWER** - Each applicant should indicate a specific term that they are applying for and a justification for that term request. For example, an entity that applies for a full allocation of hydropower for a certain asset should show that they have the full rights to and ability to operate that asset over the life of the hydropower contract.

Given that certain applicants will be providing confidential and business sensitive information in their applications and the applications will be available to the

public, it is necessary that the confidential and business sensitive parts of the application be redacted before making them available to the public. Each applicant should indicate which sections of their application require redacting before submitting the application and the CRC will determine if those parts of the application can be redacted prior to any applicant submitting their application. If the CRC agrees to redact parts of an application, they will ensure that none of the agreed upon redacted information will be made available to the public.

Thank you for your consideration of the above.

RESPECTFULLY SUBMITTED



Lloyd Webb
Director Energy
Olin Chlor Alkali
350 Fourth Street
Henderson, Nevada 89015

Sandra Fairchild

From: CRC Hoover Allocation Team <info@crchoverallocation.com>
Sent: Wednesday, September 17, 2014 1:14 PM
To: Jayne Harkins; Jim Salo; Ann Pongracz; Craig Pyper; Sandra Fairchild; Sarah Ritchie
Subject: FW: Comments on the Hoover Re-Allocation Criteria

From: Mendis Cooper [<mailto:coop@opd5.com>]
Sent: Wednesday, September 17, 2014 12:45 PM
To: info@crchoverallocation.com
Subject: Comments on the Hoover Re-Allocation Criteria

To the Colorado River Commission:

Overton Power District No. 5 respectfully submits the following comments.

1. The allocation criteria for economic development, education, and state and local government have the potential to be slanted towards large entities primarily centered in large population areas. This approach could potentially exclude the rural areas from receiving a share of the Hoover reallocation because the size and total funds of the projects in urban areas overshadow smaller rural projects. I believe the pennies to dollars effect that can be realized by allocating to rural areas should be carefully considered. One way this could be accomplished is by establishing the dollars per capita effect of the allocation as a high priority in the proposed allocation criteria.
2. Some areas of Nevada receive the benefits of water and power from the Colorado River. Many communities do not receive any drinking water or irrigation water from the Colorado River. If the amount of federal hydro-power currently being used is a limiting consideration then other benefits such as water usage from the Colorado River should also be considered as a limiting factor.

Thank you for your consideration.

Best Regards,

Mendis Cooper

Mendis Cooper
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Overton Power District No. 5
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Sandra Fairchild

From: CRC Hoover Allocation Team <info@crchoverallocation.com>
Sent: Thursday, September 18, 2014 12:43 PM
To: Sandra Fairchild
Subject: FW: Comments about Proposed Allocation Criteria and Eligibility Requirements

From: Aaron Baker [<mailto:abaker@mesquitenv.gov>]
Sent: Wednesday, September 17, 2014 4:47 PM
To: CRC Hoover Allocation Team
Subject: Comments about Proposed Allocation Criteria and Eligibility Requirements

Good Afternoon,

Below are the City of Mesquite's comments about the proposed allocation criteria and eligibility requirements.

- Although the City is a customer of Overton Power District, the City would like the ability to apply for its own allocation.
- Mesquite is a small, rural community. Consequently, the help received would go farther than it would if it went to larger customers in the Las Vegas Valley. Special consideration needs to be given rural areas.
- Any money saved on power bills can be used towards preserving existing City services. Consequently, Mesquite encourages the CRC to give special consideration to municipalities and their ability to save residents' tax money by lower existing costs.
- Recipients who received power in the Western round should not be considered again this round. They received an allocation and will reap the benefits. This time the allocation is even smaller, so double-dipping feels very unfair.
- Allocations need to be of such a size that it makes sense for customers to receive it. If they are too small, there is no real benefit. That being said, the allocation should be spread wide enough to allow more than a select few to realize the benefits.

I would be happy to provide further information about any of the points mentioned above.

Thank you for your consideration.

Regards,

Aaron Baker

City Liaison Officer

Office: 702.346.5297 Cell: 702.306.0047



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Sandra Fairchild

From: CRC Hoover Allocation Team <info@crchoverallocation.com>
Sent: Thursday, September 18, 2014 12:43 PM
To: Sandra Fairchild
Subject: FW: CRC of Nevada-Hoover Allocation Criteria for Schedule D Electric Power-Submitted Questions

From: donald.land@unlv.edu [<mailto:donald.land@unlv.edu>]
Sent: Wednesday, September 17, 2014 1:41 PM
To: info@crchoverallocation.com
Cc: karl.reynolds@unlv.edu; jim.vanantwerp@unlv.edu
Subject: CRC of Nevada-Hoover Allocation Criteria for Schedule D Electric Power-Submitted Questions

The listed questions are submitted for consideration and response in addition to those asked during the September 11, 2014 meeting in NDOT training room "B", from 2:00 PM to 4:00 PM PDT.

- 1) Why has the power allocation percentage never been reached for AZ or NV? This was shown in PP#3.
- 2) Nevada's current electric power allocation of Hoover power thru Western area Power Administration, is 374,000 kW, and 1,057,989,000 kWh. What is percentage of the total electric power available?
- 3) If UNLV is not selected for Hoover Schedule D power by October 17, 2014 will another allocation be available before the year 2067?
- 4) Can CRC power distributions be provided to companies as an incentive for becoming a production company based in southern Nevada, i.e. Tesla?
- 5) What are the Western Area Power Administration electric power distribution percentages for AZ and NV, post Hoover Power Plant Act of 1984?
- 6) How many kilowatts of power does the 5% of Schedule "D" represent?
- 7) Are the next five scheduled CRC meetings open to the public, and will announcements be sent of all persons who attended the September meeting?
- 8) Can CRC power be allocated for specific purposes/companies and later recalled/rescinded if the user changes or goes bankrupt?
- 9) If the power allocation returns to CRC, will and how will it be distributed?
- 10) Can the power from CRC be designated for delivery to the user only during the highest kW demand billing time for NV Energy?
- 11) What are the actual costs related to becoming a CRC power consumer. For example, conservation and debt service, and prepayment amounts as indicated in PP#10.
- 12) What is the final program cost per kWh, if UNLV is offered a CRC contract?
- 13) Will the fact that UNLV cannot prepay for power, eliminate the university from consideration?

UNLV FM is interested in participating in consuming electric power being generated by such a historic project, that was envisioned in the late 1920's, funded by the Interior Department, and constructed so skillfully by the Six Companies. It continues to be a significant contributor to the economic development of Nevada and the southwest United States.

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Sandra Fairchild

From: CRC Hoover Allocation Team <info@crchoovertime.com>
Sent: Thursday, September 18, 2014 12:43 PM
To: Sandra Fairchild
Subject: FW: Request Reconsideration of CRC Power Allocations

From: Kevin Brown [<mailto:kbrown@vvh2o.com>]
Sent: Thursday, September 18, 2014 11:28 AM
To: info@crchoovertime.com
Subject: Request Reconsideration of CRC Power Allocations

Dear CRC Decision Makers:

Below are the Virgin Valley Water District's (VVWD) comments about the proposed allocation criteria and eligibility requirements.

1. The VVWD provides water to the City of Mesquite and Town of Bunkerville. They are both small, rural communities. Consequently, the help received would go farther than it would if it went to larger customers in the Las Vegas Valley. The VVWD operates eight wells and five water treatment plants. Our power costs to operate these facilities represents upwards of 15% of our budget during the peak summer water production season. Special consideration needs to be given rural areas to help offset the high power costs that can't be spread over a large population.
2. Any money saved on power bills can be used towards reducing future rate increases to the VVWD customers, and will help offset future needed capital facility improvement costs. Consequently, VVWD encourages the CRC to give special consideration to districts and municipalities and their ability to save residents' tax money by lower existing costs.
3. Recipients who received power in the Western round should not be considered again this round. Prior recipients received an allocation and will reap the benefits. This time the allocation is even smaller, so double-dipping feels very unfair.
4. Although the VVWD is a customer of both the Overton Power District and Lincoln County Power District, the VVWD would like the ability to apply for its' own allocation.
5. Allocations need to be of such a size that it makes sense for customers to receive it. If they are too small, there is no real benefit. That being said, the allocation should be spread wide enough to allow more than a select few to realize the benefits.
6. I request the CRC reconsider the decision to not include the VVWD in this round of allocations and allow for VVWD to be included.

Thank you for your consideration.

Kevin Brown

Kevin W. Brown
General Manager
Virgin Valley Water District
500 Riverside Road
Mesquite, NV 89027
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CRC Hoover Allocation Team

From: Timothy Sutton <tsutton@co.nye.nv.us>
Sent: Friday, September 12, 2014 3:33 PM
To: CRC Hoover Allocation Team
Cc: Lewis Lacy
Subject: Nye County Public Comments on CRC's Proposed Allocation Criteria
Attachments: Nye County Public Comment on Proposed Allocation Criteria and General Eligibility Requirements for Schedule D.docx

Dear Mrs. Harkins,

Thank you for taking to the time to travel to Pahrump yesterday to conduct the public meeting on CRC's proposed allocation criteria and for considering our attached public comments. Please feel free to contact me with any questions, comments or concerns.

Sincerely,

Tim



Tim Sutton
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Proposed Allocation Criteria and General Eligibility Requirements for Schedule D Hoover Power

1. In making allocations, the Commission will consider how an Applicant's use of Hoover Schedule D power would support the following proposed public policy goals in the State of Nevada, which are in no particular order:
 - a. Economic development, (including but not limited to large, industrial, manufacturing or commercial businesses, and economic development zones),
 - b. Education, and
 - c. Support of state, local, and tribal governmental entities.

Nye County supports the above criteria and requests that each listed public policy goal receive equal treatment without priority ranking or weighting.

2. In support of public policy goals in Nevada, the Commission will consider the following factors, which are in no particular order:
 - a. In-state job creation (e.g. the number of new full time permanent employees, short term employees),
 - b. Exports of made-in-Nevada products,
 - c. New or expanded community or education programs,
 - d. New or increased tax revenues,
 - e. Reductions in expenses for governmental entities, and
 - f. Benefit economically disadvantaged areas.

Nye County supports the above criteria with increased priority ranking or weighting on item (f) (benefit economically disadvantaged areas). Economically distressed or disadvantaged areas often have limited resources and can benefit more from the cost savings associated with a Hoover Power allocation than areas that are financially more stable or prosperous. Nye County proposes two additional factors: "innovation or increased efficiency in providing governmental services" and "availability of alternative of renewable energy sources" with preference being given to those who do not have readily available alternative or renewable energy sources.

3. In making allocations, the Commission will take into consideration whether the Applicant is a public entity, or a for-profit or non-profit private entity.

Nye County supports this criterion provided that it does not result in public entity status being ranked lower than non-profit or for-profit entity status.

4. All Applicants will be subject to a creditworthiness review. In making allocations, all applicants will be evaluated based upon overall credit history and their ability to meet financial obligations.

Nye County supports this criterion.

5. Allocations will be made only to applicants that will be able to receive delivery of Hoover Schedule D power beginning on October 1, 2017 and have the necessary transmission and/or distribution arrangements in place by October 1, 2016.

Nye County supports this criterion.

6. In making allocations, the CRC will consider the Applicants' amount of federal hydropower from all federal hydroelectric dams that is currently being used to serve load or will be used to serve load after October 1, 2017, either directly or indirectly.

Nye County supports this criterion provided that any applicable thresholds or cutoffs that would preclude an applicant from receiving a Schedule D allocation are clearly set forth at the outset of the application process. Doing so will allow applicants to determine eligibility before devoting significant time and other resources.

Additionally, Nye County requests that entities who received a proposed allocation of Schedule D power during Western Area Power Administration's recent allocation process be precluded from receiving a CRC allocation. One of the purposes of the Hoover Power Act of 2011 was to expand the availability and corresponding benefits of Hoover Power to new allottees. Simply granting additional allocations to current (even recent) allottees would undermine this intent.

7. Allocations will be made only to new allottees that currently do not have an allocation of Hoover Schedule A or Schedule B power.

Nye County supports this criterion provided that applicants who derive power from a host utility that receives Schedule A or B power are not precluded if these applicants can demonstrate a "pass through" benefit of a Schedule D allocation from the host utility.

8. The Commission may base allocations on actual loads experienced in one of the calendar years 2011, 2012, or 2013, as designated by the Applicant. The Commission may use estimated load values if actual load data does not exist. The Commission will evaluate and may adjust unreasonable estimates during the allocation process. The CRC is available to assist Applicants in developing load estimates if necessary.

Nye County supports this criterion provided that applicants are informed of load estimates the Commission or its staff suspect of being unreasonable prior to any adjustment.

9. Allocations of power will be made in amounts determined solely by the Commission in its discretion pursuant to NRS 538.161, 538.171, 538.181, 704.787 and related regulations.

Nye County supports this criterion.

GENERAL ELIGIBILITY CRITERIA

The Commission will apply the following general eligibility criteria to Applicants seeking a Hoover Schedule D power allocation, pursuant to NRS 538.161, 538.171, 538.181, 704.787 and related regulations:

1. The Applicant must be an entity to which the Commission is authorized by law to sell electricity or provide transmission or distribution service.
2. The Applicant must be an entity which currently does not have an allocation of Hoover Schedule A or B power.
3. The Applicant must be able to receive energy directly or indirectly through its local utility, at a point of delivery authorized by the Commission. Authorized points of delivery currently include Amargosa Substation, Basic Substation, Boulder City Switchyard, Boulder City Tap, Clark Tie, Eastside Substation, Mead Substation, and Newport Substation.
4. The Applicant must have an annual peak load of at least 1 megawatt.

Nye County supports this criterion but requests a determination that individual entities whose annual peak load does not reach 1 megawatt may submit a joint application to reach the 1 megawatt threshold. If necessary, the entities listed on a joint application may be required to enter into agreements to ensure that individual responsibilities are explicitly set forth. Joint applications should be permitted especially when the separate entities have a shared host utility.

5. The Applicant must have load located within Western's defined marketing area (a map showing this marketing area is attached as Appendix "A").
6. An Applicant that is an electric utility must:
 - a. Maintain a power factor of at least 95 percent, or receive Hoover Schedule D power over the facilities of a utility that is able to maintain that power factor; and
 - b. Meet the requirements for integrated resource planning or a similar program, that apply to purchasers of Hoover Schedule D power.
7. An Applicant that is not an electric utility must:
 - a. Receive Hoover Schedule D power over the facilities of an electric utility that is able to maintain a power factor of at least 95 percent, or receive Hoover Schedule D power over the facilities of a utility that is able to maintain that power factor; and
 - b. Receive Hoover Schedule D power over the facilities of an electric utility that meets the requirements for integrated resource planning or a similar program that apply to purchasers of Hoover Schedule D power.

Except as noted in criteria 4, Nye County recognizes that the above criteria are set by statute and administrative regulation and therefore supports them.

OTHER REQUIREMENTS AND CONDITIONS

1. The Applicant for an allocation of Hoover Schedule D power must sign a statement it understands that it will be subject to the following contract provisions if it accepts a

contract with the CRC to receive Hoover Schedule D power commencing on October 1, 2017.

- a. The Applicant must pay a proportionate share of this State's contribution to the cost of the Lower Colorado River Multi-Species Conservation Program.
- b. The Applicant must participate through the CRC in the Boulder Canyon Project Implementation Agreement.
- c. The Applicant must pay a pro rata share of Hoover Dam repayable advances required to be paid by Contractors who entered into contracts for the delivery of Hoover Schedule D power before October 1, 2017.
- d. The Applicant must meet the requirements for integrated resource planning or a similar program, that apply to purchasers of Hoover Schedule D power, or receive power from the Commission over the facilities of an electric utility that meets the requirements for such program.
- e. If located within Nevada Power Company's service territory, the Applicant must pay applicable fees, tariff rates and charges pursuant to NRS 704.787.
- f. The Applicant must pay a proportionate share of the debt service securities for Nevada Hoover Visitor Center and Airstlot Debt which are applicable to all Nevada Contractors receiving Hoover power.
- g. The Applicant may be required to make payments to a cash working capital fund, prepay for power purchased through the CRC, or provide collateral, or any combination thereof.

Nye County supports criteria (a) through (f) above and requests that if possible, the exact costs for each item be made available before the application deadline to assist applicants in their financial due diligence efforts.

- h. The Applicant must agree that it is subject to the jurisdiction of the courts of the State of Nevada or the courts of the United States of America for the ultimate resolution of any dispute which may arise under the contract and that any litigation addressing a dispute under the contract will be pursued only before those courts.

Nye County supports this criterion.

- i. The Commission will determine the term of Nevada Hoover power contracts.

Nye County supports this criterion but suggests that it may be practical to mirror the terms of Western's contracts to allow the same streamlined, parallel marketing process as the current one once the post-2017 contracts begin to expire.

2. If an Applicant does not contract for allocated Hoover Schedule D Power within 90 days of being offered a contract from the CRC, the CRC will reallocate that Hoover Schedule D Power to other Applicant(s) at the Commission's discretion using the criteria established in Phase 1.

Nye County supports this criterion.

3. The Commission reserves the authority to grant waivers, for good cause, from any allocation criteria.

Nye County supports this criterion.

CRC Hoover Allocation Team

From: England, Pauline J <PEngland@dot.state.nv.us>
Sent: Thursday, September 18, 2014 3:25 PM
To: CRC Hoover Allocation Team
Subject: Comments regarding Criteria and Application
Attachments: Hoover Dam Power uses.docx

Please see attached. Thank you.

Pauline England

Administrative Services Officer
Nevada Department of Transportation
123 E Washington Ave
702.385.6505
702.385.6511 (fax)



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NDOT supports the CRCs proposal to take in to consideration the proposed use of allocations and how those allocations may provide the 'greatest possible benefit to this state.' NDOT also supports the public policy goals of economic development, education and support of state, local and tribal governmental agencies and the listed factors. NDOT would like to see an additional factor such as: Additional benefits realized by persons that visit, work or live in the Boulder City Marketing area.

As a state governmental entity, the Nevada Department of Transportation can utilize the power allocation to spend less money on utility costs and more money on providing a safer and more efficient commuting/transportation experience for all travelers in the District I area. Every dollar not spent on utilities can be spent improving, managing, and preserving our state highways and bridges. All travelers, whether citizens of this state or not, benefit from improved transportation routes and this is an example of providing the 'greatest possible benefit to this state'. Citizens experience less delay, and visitors are not deterred from visiting our area due to backlogged traffic issues.

Power is used for lighting on state routes and highways, ramp meters, dynamic message signs, rest areas, visitor centers, and construction, maintenance and administrative offices. The power directly benefits the public and is vital for providing our services. The funds to pay for power come directly out of the highway fund, reducing the availability of funds for other much needed projects. Traffic operations in the Las Vegas valley are controlled by the Freeway and Arterial System for Transportation (FAST). FAST is a coalition of NDOT, the Regional Transportation Commission of Southern Nevada, and local agencies. FAST and the Nevada Highway Patrol are co-located at the Traffic Management Center, a large facility designed specifically for this purpose.

