

The meeting was held at 1:32 p.m. on Tuesday, August 8, 2017 at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4412, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairwoman
Vice Chairwoman
Commissioner
Commissioner
Commissioner

Puoy Premsrirut
Kara J. Kelley
Marilyn Kirkpatrick
Steve Sisolak
Cody Winterton

COMMISSIONER NOT IN ATTENDANCE

Commissioner

Dan H. Stewart

DEPUTY ATTORNEY(S) GENERAL

Special Counsel, Attorney General
Special Counsel, Attorney General

Christine Guerci
Jennifer Crandell

COMMISSION STAFF IN ATTENDANCE

Executive Director
Chief of Finance and Administration
Assistant Director of Energy Services
Assistant Director of Engineering and Operations
Manager, Hydropower Program
Natural Resources Program Manager
Natural Resource Analyst
Natural Resource Analyst
Senior Energy Accountant
Senior Energy Accountant
Senior Energy Accountant
Office Manager
Administrative Assistant IV
Administrative Assistant II

Jayne Harkins, P.E.
Douglas N. Beatty
Gail A. Bates
Robert D. Reese
Craig N. Pyper
Angela K. Slaughter
Peggy Roefer
Warren Turkett, Ph.D
Gail L. Benton
Stephanie Salleroli
Richard M. Sanders
Gina L. Goodman
Kathryn Aguilar
LaTerria Graves

OTHERS PRESENT; REPRESENTING

Overton Power Dist. No. 5
Self
Southern Nevada Water Authority

Melissa Garcia
Sara Price
Jordan Bunker

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OF NEVADA
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The Colorado River Commission meeting was called to order by Chairwoman Premsrirut at 1:32 p.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Executive Director Jayne Harkins, P.E., confirmed that the meeting was posted in compliance with the Open Meeting Law.

B. Comments from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.)

Chairwoman Premsrirut asked if there were any comments from the public. There were none.

C. *For Possible Action:* Approval of minutes of the June 13, 2017 meeting.

Vice Chairwoman Kelley moved for approval of the minutes. The motion was seconded by Commissioner Winterton and approved by a unanimous vote.

D. For Possible Action: Consideration of and possible action to approve the individual Contracts for Transmission Service between the Colorado River Commission of Nevada (Commission) and the following entities for the provision of electrical transmission capacity over the Parker-Davis Project Southern Nevada Facilities commencing on October 1, 2017 and remaining in effect until midnight, December 31, 2035:

- 1. City of Boulder City,**
- 2. Lhoist North America of Arizona Inc.,**
- 3. Pioneer Americas LLC dba Olin Chlor Alkali Products,**
- 4. Titanium Metals Corporation, and**
- 5. Tronox, LLC.**

Chairwoman Premsrirut stated for the record items D and E will be presented together.

Gail Bates, Assistant Director of Energy Services, explained that in order for some of the Commission's electrical Contractors to receive Hoover power as well as market power, they must have the appropriate transmission arrangements in place to deliver it. The Commission currently purchases transmission service from the Western Area Power Administration (WAPA) over the Parker-Davis Project Southern Nevada Facilities (P-DP SNF). These transmission rights allow the Commission to receive Hoover power and power from the market at the Mead Substation and deliver that power to its Contractors at various locations on the P-DP SNF. Those Contractors that require transmission service over the P-DP SNF purchase it from the Commission.

The contract under which the Commission obtains transmission service from WAPA terminates on December 31, 2035. However, the Commission's Contracts for Transmission Service with each of its Contractors expire on September 30, 2017.

The Transmission Service Contracts provide for the Commission's Contractors to continue receiving transmission service for the period of October 1, 2017 through December 31, 2035. The Transmission Service Contracts also contain a right to renew consistent with the terms and conditions that the Commission is able to obtain from WAPA post December 31, 2035.

As a condition of purchasing transmission service from the Commission, the Contractors agree to pay their share of expenses billed to the Commission by WAPA. In addition, those Contractors that receive service at the Black Mountain Industrial (BMI) Complex must also enter into an Interconnection, Operation and Maintenance Agreement with the Commission and agree to pay the Commission for the expenses it incurs to operate and maintain Basic Substation, where power is delivered to the BMI Complex.

Chairwoman Premsrirut requested clarification for section 4 of the Contract which states a notice of termination shall be provided but it may take up to three federal fiscal years until Contractor can terminate.

Ms. Bates explained the termination provision is actually tied directly to the Commission's termination provision in the WAPA Contract. It is a three-year notice provision.

Chairwoman Premsrirut confirmed termination of these contracts are determined by how fast or slow WAPA proceeds.

Ms. Bates responded, yes.

Staff recommended that the Commission approve the Contracts for Transmission Service and authorize the Executive Director to execute them.

Vice Chairwoman Kelley moved for approval of the individual Contracts for Transmission Service between the Colorado River Commission of Nevada

and the following entities for the provision of electrical transmission capacity over the Parker-Davis Project Southern Nevada Facilities commencing on October 1, 2017 and remaining in effect until midnight, December 31, 2035: City of Boulder City, Lhoist North America of Arizona Inc., Pioneer Americas LLC dba Olin Chlor Alkali Products, Titanium Metals Corporation, and Tronox, LLC. The motion was seconded by Commissioner Sisolak and approved by a unanimous vote.

E. *For Possible Action:* Consideration of and possible action to approve the joint Agreement for the Interconnection, Operation and Maintenance of Electric Facilities (O&M Agreement) between the Colorado River Commission of Nevada and the following entities providing for the payment of the annual costs of operating the Basic Step-Down Yard, also known as the CRC Substation and other matters related thereto, commencing on October 1, 2017 and remaining in effect until midnight December 31, 2035:

- 1. Basic Power Company**
- 2. Lhoist North America of Arizona Inc.**
- 3. Pioneer Americas LLC dba Olin Chlor Alkali Products**
- 4. Titanium Metals Corporation**
- 5. Tronox, LLC**

Ms. Bates explained the Commission owns and operates the Basic Step-Down Yard (aka CRC Substation) located at the Black Mountain Industrial (BMI) Complex. The Basic Step-Down Yard consists of three 230/13.8 kV substations which interconnect with the Parker-Davis Project Southern Nevada Facilities (P-DP SNF) and allow power to be stepped down in voltage from 230 kV to 13.8 kV where it is then delivered through Basic Power Company's (BPC) electric distribution system to each of the Commission's Contractors at the BMI Complex. Basic Power Company is not a Contractor of the Commission but is the owner and operator of the electric distribution system between the Basic Step-Down Yard and

Commission's Contractors. The Contractors at the BMI Complex share in the cost of the Commission's expenses to operate and maintain the Basic Step-Down Yard.

Historically, the costs of operating the Basic Step-Down Yard have been included with the Commission's cost of providing electric transmission service to each of its Contractors. However, no agreement existed which formalized the parties' responsibilities for maintaining the interconnected operation of the system, agreeing on budgets, making emergency repairs, or providing data and information on loads and electrical outages at the BMI Complex. The O&M Agreement formalizes many of the informal arrangements that have developed over the years and provides for more structured and prudent management of the Commission's assets. The Commission's Contractors at the BMI Complex are required to enter into this O&M Agreement as a condition of the Commission providing them with Transmission Service after October 1, 2017.

The O&M Agreement contains a cost sharing mechanism that specifies how the Contractors will share the operation and maintenance costs of the Basic Step-Down Yard. Any changes in the cost of operating and maintaining the Basic Step-Down Yard or the cost sharing mechanism will be reflected in a revised Exhibit 2 to the Contract.

Staff recommended that the Commission approve the Agreement for the Interconnection, Operation and Maintenance of Electric Facilities and authorize the Executive Director to execute it.

Vice Chairwoman Kelley moved for approval of the joint Agreement for the Interconnection, Operation and Maintenance of Electric Facilities between the Colorado River Commission of Nevada and the following entities providing for the payment of the annual costs of operating the Basic Step-Down Yard, also known as the CRC Substation and the other matters related thereto, commencing on October 1, 2017 and remaining in effect until midnight December 31, 2035: Basic Power Company, Lhoist North America

of Arizona Inc., Pioneer Americas LLC dba Olin Chlor Alkali Products, Titanium Metals Corporation, and Tronox, LLC. The motion was seconded by Commissioner Sisolak and approved by a unanimous vote.

F. *For Possible Action:* Consideration of and possible action to approve the Ancillary Services Agreement between the Colorado River Commission of Nevada and Nevada Power Company dba NV Energy for the provision by NV Energy of certain control area ancillary services commencing on October 1, 2017.

Ms. Bates explained all users of the electric transmission system that serve load must purchase or provide ancillary services. Ancillary services are those services that are provided by electric generators and are necessary to support the transmission of electricity. Absent the ability of a transmission user to provide its own ancillary services, they must be purchased from the Balancing Authority Area (BAA) in which the load resides. The Commission Contractors at the BMI Complex and Basic Water Company (BWC) are located in the NV Energy BAA. Historically, the Commission has purchased ancillary services from NV Energy on behalf of the BMI Complex and BWC pursuant to the terms of a 2001 Letter Agreement for such services.

The rates, terms, and conditions of the 2001 Letter Agreement were tied, at least in part, to NV Energy's service as the Commission's hydropower scheduling entity. Effective October 1, 2017, NV Energy will no longer provide scheduling services to the Commission. However, they are obligated, as the BAA, to continue to provide ancillary services to the Commission for the BMI Complex and BWC loads.

The Ancillary Services Agreement is the mechanism under which the Commission will purchase ancillary services from NV Energy on behalf of the BMI Complex and BWC loads. The Commission will purchase such services in accordance with the rates, terms, and conditions that are contained in NV Energy's Open Access

Transmission Tariff (OATT). The rates, terms, and conditions in the OATT are approved by the Federal Energy Regulatory Commission (FERC).

The Commission Contractors at the BMI Complex and BWC have been briefed and provided the opportunity to comment on and discuss the Ancillary Services Agreement between the Commission and NV Energy. No comments or concerns were expressed by the Contractors.

Staff recommended that the Commission approve the Ancillary Services Agreement and authorize the Executive Director to execute it.

Commissioner Sisolak moved for approval of the Ancillary Services Agreement between the Colorado River Commission of Nevada and Nevada Power Company dba NV Energy for the provision by NV Energy of certain control area ancillary services commencing on October 1, 2017. The motion was seconded by Vice Chairwoman Kelley and approved by a unanimous vote.

G. *For Possible Action:* Consideration of and possible action to approve a late payment fee on an outstanding monthly invoice to be applied to certain Commission contracts that do not have certain late payment fee provisions.

Ms. Bates explained that some of the Commission's older contracts have specific provisions for the interest and fees to be assessed to contractors that fail to pay Commission invoices in a timely manner. However, recent Commission contracts contain provisions that require contractors to pay late payment fees and interest that are approved by the Commission. More specifically, the following contracts currently require adherence to Commission-approved late payment fees and interest:

- Boulder Canyon Project Post-2017 Electric Service Contract (23 customers)

- Transmission Service Contracts with Boulder City and BMI Customers (5 customers)
- Interconnection, Operation and Maintenance Contract with BMI Customers and Basic Power Company (4 customers)
- Scheduling Entity Letter Agreements with BMI Customers (5 customers)

Staff researched various late payment fees assessed by its utility contractors and proposed to adopt a late payment fee of seven (7) percent to be assessed on the unpaid invoice charges related to the contracts listed above.

Staff proposed moving forward, all new Commission contracts will contain language requiring that contractors pay late payment fees and interest established by the Commission. Conformance of the contract language to Commission-approved late payment fees allows for consistency among contracts, is more efficient for Staff to administer, and allows the Commission to revise late fees when appropriate.

Chairwoman Premsrirut commended Staff for the data research and method used in which this issue was approached. Chairwoman Premsrirut requested Ms. Bates explain the reason why the late fees were needed.

Ms. Bates explained the only revenue the Commission receives is from Customers. Because of that fact, if the customers pay late that puts the Commission in jeopardy of paying late as well. It is important to have a deterrent in the contract rigid enough to deter those late payments.

Commissioner Sisolak asked if the fees will be non-waivable or will Staff have the ability to waive them.

Ms. Bates stated a late fee would be charged on every bill that comes in late unless there was a mistake due to Staff error.

Commissioner Sisolak requested that payment policy be reflected somewhere because there have been similar late fee actions taken with Clark County for various customer reasons. It is easier to say no it cannot be waived or else if it can be waived, we are putting Staff in the position of not knowing which call to make.

Chairwoman Premsrirut echoed those concerns that unless there is an error on the Commission side the fee should not be waived.

Commissioner Sisolak asked if the bill is not paid in the first month does the fee roll over into the next month as uncollected.

Ms. Bates stated there is a limit to the late fee rollover because once the default period runs out the Commission would be looking to lay off that power to a customer in good standing.

Commissioner Sisolak clarified contractors can get 30 days.

Ms. Bates agreed.

Commissioner Sisolak stated if the first month is missed the Customer pays 7% for the first month and 7% for the current month, which is fine.

Vice Chairwoman Kelley interjected that it is a flat one-time payment.

Commissioner Sisolak clarified that if a customer does not pay January's bill and it rolls over to February then is it going to be another month late.

All confirmed.

Ms. Bates stated by the second month the Commission would be looking to lay that power off to a Customer who would pay.

Staff recommended that the Commission set a late payment fee of 7% to be applied to the outstanding balance of any invoice not paid by its due date for those contracts that require contractors to pay Commission-approved late payment fees and interest.

Vice Chairwoman Kelley moved for approval of a 7 % late payment fee on an outstanding monthly invoice to be applied to certain Commission contracts that do not have certain late payment fee provisions. The motion was seconded by Commissioner Winterton and approved by a unanimous vote.

H. *For Possible Action:* Consideration of and possible action to modify the Commission’s hydropower billing process and authorize the Executive Director to execute amendments to contracts to conform the billing and payment provisions in certain of the Commission’s resource contracts to the modified process.

Ms. Bates explained that Staff is proposing to make certain changes to its hydropower billing and payment process to ensure that its billing and payment process:

- (1) provides for prudent financial risk management and;
- (2) is efficient and consistent across all Commission resource contracts.

Instead of the current process of issuing a monthly hydropower invoice on the first business day after the delivery month, Staff proposed to issue an estimated monthly invoice by the 5th business day during the delivery month. The modified process will allow the Commission to reduce its non-payment risk, consolidate invoices, collect funds earlier, and manage its late payment collection process more effectively, thereby reducing the financial risk to the Commission and its Contractors. Staff anticipated transitioning to the new billing process in September and October of 2017. More specifically, Staff will issue two invoices by the 5th business day of October, one for power delivered in September, and one for power

to be delivered during October. Thereafter, Contractors will receive their invoice for the month by the 5th business day of each month.

The proposed change in the billing process only affects the Commission's existing Contractors: Basic Water Company, City of Boulder City, Lhoist North America of Arizona, Inc., Lincoln County Power District No. 1, NV Energy, Pioneer Americas LLC dba Olin Chlor Alkali Products, Overton Power District No. 5, Southern Nevada Water Authority, Titanium Metals Corporation, Tronox, LLC, and Valley Electric Association. The Commission has informed these contractors of the proposed change and has received their support.

To implement the proposed change to the billing process, the Commission will need to make minor amendments to the billing and payment provisions contained in the contracts and/or exhibits concerning the Salt Lake City Area Integrated Projects (SLCAIP) and the Parker-Davis Project.

Staff requested that it be authorized to adopt the proposed changes to the billing and payment process and authorize the Executive Director to execute amendments to contracts to conform the billing and payment provisions in certain of the Commission's resource contracts with the modified process.

Commissioner Sisolak asked how much collateral has the Commission collected.

Ms. Bates explained that the only Customers with collateral are the industrial contractors and by regulations the Commission is required to collect three months of collateral.

Commissioner Sisolak inquired regardless of it being 47 days or 67 days is the Commission covered.

Ms. Bates specified only for the industrial contractors. The Commission is not allowed to collect collateral from a federal or state agency or political subdivision

and Nevada Power Company and any other entity regularly engaged in the business of buying and selling electric power.

Commissioner Sisolak asked whose regulations.

Ms. Harkins responded that it is written in Nevada Revised Statute (NRS) 538.181 and Nevada Administrative Code (NAC) 538.744 Determination of creditworthiness; requirement for collateral.

Commissioner Sisolak suggested to change the regulations to require collateral avoiding default.

Ms. Bates said that changing regulations can be difficult. The proposed change will provide the needed protection however changes to the regulations are reserved as an option.

Commissioner Sisolak commented that the only way to determine if the regulations should be changed would be after a problem occurs.

Ms. Bates stated that Staff hopes with the late fee modification in place a problem will be avoided.

Commissioner Sisolak stated that he does not see how the problem could be eliminated. It could eliminate the amount of exposure of 67 days to 47 days but it will not eliminate the problem entirely. The timeframe change reduces some loss exposure but a change in regulation gives the Commission the collateral security.

Ms. Harkins stated that the Commission will be unable to collect collateral from governmental agencies.

Commissioner Sisolak stated that governmental agencies will pay eventually.

Vice Chairwoman Kelley said there is still exposure with the governmental entities. However, the Commission must come up with money in advance or as it is due. Therefore, the Commission is already out of that cash. If NAC/NRS were changed to allow collateral from utilities, the Commission would still be unable to collect from the governmental entities.

Commissioner Kirkpatrick asked for clarification. The Commission partners with governmental entities and is partners with utilities so this policy is being put into place to impact everyone equally across the board. Establishing a late fee policy that applies to all provides the Commission a better financial standing in the event of economic changes.

Commissioner Winterton acknowledged the many benefits of the late fee policy change including the importance of uniformity. Noticing so many conflicts between the contracts upon reviewing them it does not make sense from a staffing standpoint to continue to keep track of different contract provisions. Commissioner Sisolak makes a good point that risk will not be completely eliminated however the additional 20 days will make a huge difference in risk reduction. He commended the Staff for reaching out to every customer, working through it with them, and providing documentation of the support.

Chairwoman Premsrirut stated the result is reasonable. Requiring an advanced estimated payment is comparable to what everyone is used to in every industry and practice. Whether you lease space or start a gym membership or pay a cable bill; that is something that is not coming out of left field for anybody.

Vice Chairwoman Kelley agreed that she likes that the late fees are going to be applied to reduce power costs and not to discretionary spending by the Commission.

Staff recommended that the Commission modify the Commission's hydropower billing process and authorize the Executive Director to execute amendments to contracts to conform the billing and payment provisions in certain of the Commission's resource contracts to the modified process.

Commissioner Winterton moved for approval of the Commission's hydropower billing process and authorize the Executive Director to execute amendments to contracts to conform the billing and payment provisions in certain of the Commission's resource contracts to the modified process. The motion was seconded by Vice Chairwoman Kelley and approved by a unanimous vote.

I. *For Information Only:* Status update on the Hydrologic conditions, drought, and climate of the Colorado River Basin, Nevada's consumptive use of Colorado River water, and other developments on the Colorado River.

Warren Turkett, Natural Resource Analyst, provided a report on the following:

- Unregulated Inflow & Storage
- Precipitation
- Lower Basin Side Inflows
- Water Use in Southern Nevada
- Colorado River Commission of Nevada

A copy of the report was attached and made a part of the minutes. (See Attachment A)

Commissioner Kirkpatrick thanked Dr. Turkett for his presentation and asked for a quarterly summary of the information provided in a format that can easily be explained to constituents.

Chairwoman Premsrirut agreed on the behalf of the board. Any information that can be taken back to answer questions is good.

Dr. Turkett agreed to put something together for the Commissioners.

Commissioner Sisolak asked how many acre feet of water is saved on a golf course that has closed.

Commissioner Winterton responded that the average golf course uses about 800 acre feet a year.

J. Comments and questions from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken.)

Chairwoman Premsrirut asked if there were any other comments or questions from the public.

There were none.

K. Comments and questions from the Commission members.

Chairwoman Premsrirut asked if there were any comments or questions from the Commission members.

There were none.

L. Selection of the next possible meeting date.

The next meeting was tentatively scheduled for 1:30 p.m. on Tuesday, September 12, 2017, at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4412, Las Vegas, Nevada.

M. Adjournment.

The meeting adjourned at 2:17 p.m.

Jayne Harkins, P.E., Executive Director

APPROVED:

Puoy Premsrirut, Chairwoman