

The meeting was held at 1:05 p.m. on Tuesday, November 8, 2011 at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4401, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairman
Vice Chairwoman
Commissioner
Commissioner
Commissioner

George F. Ogilvie III
Marybel Batjer
Bob Coffin
J. Brin Gibson
Berlyn D. Miller

COMMISSIONERS NOT IN ATTENDANCE

Commissioner
Commissioner

Tom Collins
Duncan R. McCoy

DEPUTY ATTORNEY GENERAL

Senior Deputy Attorney General

Kimberly A. Arguello

COMMISSION STAFF IN ATTENDANCE

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

Jayne Harkins, P.E.
Douglas N. Beatty
Robert D. Reese
Gail A. Bates
Craig N. Pyper
McClain L. Peterson
Lisa M. Ray
Michael S. Harris
Jason Thiriot
Kimberly E. Maloy
Gail L. Benton
Richard M. Sanders
Judy K. Atwood
Carol L. Perone
Gina L. Goodman

OTHERS PRESENT; REPRESENTING

JNA Consulting Group
Overton Power District No. 5
Overton Power District No. 5
Self

Marty Johnson
Mendes Cooper
Delmar Leatham
Todd Farlow

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF NOVEMBER 8, 2011**

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The Colorado River Commission meeting was called to order by Chairman Ogilvie at 1:05 p.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

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

B. 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 will be taken.)

Chairman Ogilvie asked if there were any comments or questions from the public. There were none.

C. For Possible Action: Approval of minutes of the October 10, 2011 meeting.

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

D. For Possible Action: Consideration of and possible action to ratify the Commission's petition for leave to intervene in the Public Utilities Commission of Nevada Docket No. 11-09019 concerning NVEnergy's filing of a Distribution Only Service Agreement Between the Colorado River Commission of Nevada, the Clark County Water Reclamation District, and NVEnergy.

Gail Bates, Manager of Energy Services, noted that the Colorado River Commission of Nevada (Commission) provides electric service to Southern Nevada Water Authority (SNWA) and several of its member agencies including Las Vegas Valley Water District, the City of Las Vegas, and the City of Henderson to meet their water and wastewater needs.

On September 13, 2011, the Commission approved a set of agreements which will allow the Commission to provide service to Clark County Water Reclamation District. One of those agreements called the Distribution Only Service Agreement (DOS Agreement) requires the approval of the Public Utilities Commission of Nevada (PUCN).

On September 26, 2011, NVEnergy filed the DOS Agreement with the PUCN for approval and set the deadline for intervention in PUCN Docket No. 11-09019 for October 26, 2011. The Commission filed a petition for leave to intervene on October 18, 2011 to protect its interest in the filing and participate, as necessary, in the regulatory proceedings.

Due to time constraints, Staff was unable to request approval of the Commission before filing the petition. Staff recommended the Commission ratify the petition for leave to intervene in the PUCN Docket No. 11-09019.

Commissioner Miller moved to ratify the petition. The motion was seconded by Vice Chairwoman Batjer and approved by a unanimous vote.

E. For Possible Action: Consideration of and possible action to set the amount of collateral the retail industrial customers of the Colorado River Commission of Nevada are required to post for calendar year 2012 pursuant to their contracts with the Commission.

Craig Pyper, Manager of the Hydropower Program, explained that the Commission’s retail industrial customers are required to post collateral. To determine the collateral required of each industrial customer for Operating Year 2012, Staff calculated twenty-five percent of that customer’s Adjusted Gross Annual Purchases during the test period, October 1, 2010 through September 30, 2011, reflecting actual purchases during the test period with adjustments for those Customers who estimate significantly higher load for the Operating Year.

In addition, NAC 538.744 requires Staff to conduct an annual review of the creditworthiness of its retail industrial customers during October of each operating year. Based on the evaluation of this data, Staff has concluded that the creditworthiness of these customers warrants a recommendation that the Commission adjust and set the respective amounts of their required collateral as reflected below.

	Adjusted Gross	Proposed Collateral	Present	Increase or Decrease
Customer	Annual Purchases*	25%	Collateral	Of Present Collateral
	10/1/10 through 9/30/11	of previous column		
American Pacific Corporation*	\$2,598,592.35	\$649,648.09	\$765,494.52	(\$115,846.43)
Basic Water Company*	\$695,235.57	\$173,808.89	\$149,367.02	\$24,441.87
Chemical Lime Company of Arizona*	\$54,286.29	\$13,571.57	\$21,185.91	(\$7,614.34)
Tronox, LLC*	\$1,760,929.94	\$440,232.49	\$406,214.94	\$34,017.55
Olin Chlor Alkaline Products*	\$8,868,343.48	\$2,217,085.87	\$2,540,319.57	(\$323,233.70)
Titanium Metals Corporation*	\$6,737,284.75	\$1,684,321.19	\$1,365,777.51	\$318,543.68
Total	\$20,714,672.38	\$5,178,668.10	\$5,248,359.47	(\$69,691.37)

*The “Gross Annual Purchase” is based on the total Monthly Invoices plus the total Parker-Davis Advance Fund Invoices and then adjusting for the following: (1) BA Move Study cost removed from invoices, and (2) Collateral Credit/Refund added back into the invoice totals.

Commissioner Gibson disclosed that he is an attorney at Lionel, Sawyer & Collins which represents several of the Commission’s industrial retail customers including American Pacific Corporation, Basic Water Company, Olin Chlor Alkaline Products, and Tronox, LLC. The firm does not represent any of the customers in the matters regarding Agenda

Item E. He is not personally involved in any of their legal representation; therefore he is completely impartial and will vote on Agenda Item E.

Commission Coffin asked Staff to amplify the increase of TIMET's collateral amount of \$318,543.68. Is it due to a slippage in capital, stock value or credit rating?

Mr. Pyper responded that it is based on Gross Annual Purchases from October 2010 through September 2011. TIMET and Tronox increased their loads significantly due to increased industrial activity; therefore their collateral increase is a direct reflection of their increase in load. This is as opposed to other customers whose costs went down because the cost of purchased power went down.

Commissioner Coffin asked whether the collateral amount becomes sufficient at a certain time, regardless. He commented that twenty-five percent can become a large figure. He asked if Staff knew how the customers carried this collateral on their balance sheet.

Mr. Pyper responded that the collateral furnished to the Commission is either in cash or letter of credit. He stated that the twenty-five percent minimum is set by state regulation. He also added that Staff does not know how the customers report it on their financial records.

Commissioner Coffin asked has any customer ever defaulted.

Mr. Pyper replied no. The Commission has collected on a Surety Bond once due to the Tronox bankruptcy but the Commission has not had any customer defaults.

Chairman Ogilvie asked if there were any more comments or questions.

Commissioner Miller stated for the record that, as a member of the board of directors for American Pacific Corporation, he would abstain from the vote on Agenda Item E.

Commissioner Coffin moved to approve. The motion was seconded by Vice Chairwoman Batjer and the amounts of collateral set forth in the backup documentation were approved by a unanimous vote, with Commissioner Miller abstaining.

<p>F. <i>For Possible Action:</i> Consideration of and possible action to approve an amendatory electric power supply services contract between the Colorado River Commission of Nevada and Pioneer Americas LLC D.B.A. Olin Chlor Alkali Products.</p>
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Craig Pyper stated that Pioneer Americas LLC D.B.A Olin Chlor Alkali Products (Olin) is the only Commission industrial customer that does not have a hydropower contract. Their current contract expires December 31, 2011.

Mr. Pyper explained that Staff and Olin currently are in discussions regarding possible detailed revisions to the Contract, which are not yet finalized, and that an issue has arisen that cannot be resolved before the expiration date. The issue involves Olin's request to lease to others or possibly service other entities. This practice has not been allowed in the past and Staff is unsure if it can physically or legally be done.

In view of the ongoing negotiations, Staff recommended the Commission approve a Contract Amendment extending the termination date by one year, to December 31, 2012, to allow for an orderly consideration and resolution of the issues under discussion; and authorizing the Executive Director to execute the Amendment on behalf of the Commission and obtain the Governor's approval once the contract has been approved and executed by Pioneer Americas LLC.

Commissioner Gibson disclosed that he is an attorney at Lionel, Sawyer & Collins which represents several of the Commission's industrial retail customers including Pioneer Americas LLC D.B.A Olin Chlor Alkali Products (Olin). While the firm represents Olin in matters unrelated to Agenda Item F, he is not personally involved in any of their legal representation. After consulting with Senior Deputy Attorney General Kimberly A. Arguello and reviewing the statutory guidelines, he does not believe that his judgment is affected in any way and will vote on Agenda Item F.

Commissioner Coffin moved to approve the Contract and authorize the Executive Director to execute it on behalf of the Commission. The motion was seconded by Commissioner Miller and approved by a unanimous vote.

G. *For Information Only:* Update on the sale and issuance of the State of Nevada Colorado River Commission General Obligation (Limited Tax) (Revenue Supported) Hoover Uprating Refunding Bonds, Series 2011B.

Marty Johnson of JNA Consulting Group updated the Commission about the sale of Series 2011B bonds on Tuesday, October 25, 2011 resulting in savings of approximately \$990,858.00.

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

H. *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.

Kimberly Maloy, the Commission's Natural Resources Specialist, provided a report on the following:

- Unregulated Inflow into Lake Powell
- Colorado River Basin above Lake Powell

- Storage Conditions
- Storage Conditions Comparison
- Precipitation – Colorado River Basin
- Lake Mead Daily Water Levels
- Lake Powell Daily Water Levels
- Lake Mead End of Month Elevation
- Drought & Climate
- Water Year 2012 Operations
- Water Use in Southern Nevada

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

Chairman Ogilvie asked if any questions or comments from the Commissioners.

Commission Coffin suggested in relation to water use in Southern Nevada if any of the Commissioners are invited by SNWA to visit the base of the borehole near Site 11 and walk down in the “third straw” that they take the opportunity. He commented that it is a quite an engineering accomplishment and there will not be many other times to visit once it is finished.

Mrs. Harkins provided an update on the Grand Canyon Trust case. She stated that the motion for injunctive relief was denied by the Ninth Circuit Court of Appeals. The appellant opening brief was submitted on October 18, 2011 and the Department of Justice and interveners’ response are due November 17, 2011.

I. 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 will be taken.)

Chairman Ogilvie asked if there were any comments or questions from the public.

Todd Farlow, of 240 N. 19th Street, Las Vegas, Nevada stepped forward. He stated that his comments would be too lengthy so he provided to the Commission copies of the public comment/citizen’s participation suggestion which he presented at the Las Vegas Valley Water District Board of Commissioners meeting dated November 1, 2011.

Chairman Ogilvie thanked him and asked that the copies he provided be entered into the record.

Commissioner Coffin stated that he believed Mr. Farlow had raised similar points to the ones set forth in these documents, in the past; and, that they suggest thinking about starting negotiations at some future time with Colorado and some of the neighboring states in which the North Platte River runs, to get some consideration of possible ways to get water for Nevada.

Chairman Ogilvie asked if there were any other comments or questions from the public. There were none.

Copies of the papers presented are made a part of the minutes. (See Attachment C.)

J. Comments and questions from the Commission members.

Chairman Ogilvie asked if there were any comments or questions from the Commission members. There were none.

K. Selection of the next possible meeting date.

The next meeting was tentatively scheduled for 1:00 p.m. on Tuesday, December 13, 2011, at the Grant Sawyer State Office Building in Suite 4412.

I. Adjournment.

The meeting adjourned at 1:36 p.m.

Jayne Harkins, P.E., Executive Director

APPROVED:

George F. Ogilvie III, Chairman