

The meeting was held at 1:01 p.m. on Tuesday, November 9, 2010, at the Grant Sawyer Building, Suite 4401 Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairman
Vice Chairwoman
Commissioner
Commissioner
Commissioner
Commissioner

George F. Ogilvie III
Marybel Batjer
Mark Amodei
Tom Collins
Duncan R. McCoy
Berlyn D. Miller

COMMISSIONERS NOT IN ATTENDANCE

Commissioner

Lois Tarkanian

DEPUTY ATTORNEYS GENERAL

Senior Deputy Attorney General
Senior Deputy Attorney General

Jennifer T. Crandell
Ann C. Pongracz

COMMISSION STAFF IN ATTENDANCE

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

George M. Caan
James D. Salo
Douglas N. Beatty
Robert Reese
Craig N. Pyper
Michael S. Harris
McClain L. Peterson
Nicole Everett
Gail L. Benton
Kalora E. Snyder
Judy K. Atwood
Brenda Haymore
Gina L. Goodman

OTHERS PRESENT; REPRESENTING

American Pacific Corporation
Nevada Department of Environmental Protection/AGO
Nevada Department of Environmental Protection
Overton Power District #5
Overton Power District #5
Tronox LLC, (Lionel Sawyer & Collins)
Tronox LLC
Tronox LLC
Tronox LLC

Jack Stonehocker
Bill Frey
Jim Najima
Mendis Cooper
Delmar Leatham
Dan Reaser
Michael Foster
John Holmstrom
Rick Stater

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF NOVEMBER 9, 2010**

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The Colorado River Commission meeting was called to order by Chairman Ogilvie at 1:01 p.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Executive Director George Caan confirmed that the meeting was in compliance with the Open Meeting Law.

B. Approval of minutes of the September 14, 2010 meeting.

Commissioner Collins moved for approval of the minutes of the September 14, 2010 meetings as written. The motion was seconded by Vice Chairwoman Batjer and approved by a unanimous vote.

C. Consideration of and possible action to approve the Memorandum of Understanding (MOU) authorizing the Colorado River Commission to participate with other customers in the Western Area Power Administration (Western) Prepayment Funding Process for Construction.

Hydropower Program Manager Craig Pyper stated Staff is requesting the Commission to review and approve the Memorandum of Understanding (MOU) between Western and the Commission. This MOU creates a new committee structure for Parker-Davis and Intertie transmission customers, including the Commission, to provide input to Western on the prioritization of the transmission construction projects to be funded by Western's new funding process called "Prepayments".

The Commission currently has several long term transmission contracts with Western, most notably for the Parker-Davis and Intertie Transmission systems. The Commission also is a party to the Joint Planning Agreement (JPA) with Western and other transmission customers. The JPA provides for a process in which Western and its customers identify necessary repair and construction projects on the transmission systems. Commission staff has participated in Western's JPA process for many years.

Currently, all funding for transmission repairs and construction projects is paid for by the Federal Government through appropriations. These appropriations are paid back to the Treasury through the transmission rates applied to contractors such as the Commission. The recent lack of appropriations has created a shortfall of funding for repairs on an aging system. Prepayments allow Western to use money collected from existing project repayments to fund new construction and repairs instead of returning it to the United States Treasury.

The Commission will not incur any additional costs by signing the MOU. However, if additional funding is needed for construction projects and repairs, this could increase transmission rates.

Chairman Ogilvie asked if this requires the agreement of all of the transmission customers.

Mr. Pyper response was no. Only transmission customers who wish to participate in the vote are required to sign the agreement. If customers are already participating in the JPA and decide not to sign the MOU; they may still participate in the JPA, however they will not get a vote in how Western will use the money from Prepayments.

Chairman Ogilvie asked if Western is going to do this whether the Commission approves it or not. Is this just a matter of whether the Commission gets to participate in the vote as to where the Prepayment funding goes?

Mr. Caan responded that Western does have the authority to use those funds without our consent but it would be difficult for them to continue to construct transmission if the customers oppose them. He believes Western is creating this forum to allow their customers input and oversight. While Western does have the authority, they would rather have the customers behind them in using these funds.

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

Commissioner Collins moved for approval of the Memorandum of Understanding. The motion was seconded by Commissioner Miller and approved by a unanimous vote.

D. Consideration of and possible action to set the amount of collateral the Commission's retail industrial customers are required to post for calendar year 2011 pursuant to their contracts with the Commission.

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

Hydropower Program Specialist Michael Harris stated that Staff was presenting and seeking approval for the Commission's retail industrial customer's collateral requirements for the calendar year of 2011. The Commission is required by statute ((Nevada Revised Statutes (NRS) 538.181(2) and Nevada Administrative Code (NAC) 538.744)) to conduct an annual review of the creditworthiness of its industrial customers.

Staff has reviewed the Commission customers' gross annual purchases for 2010 as well as their future requirements for 2011 and have determined that collateral requirements for calendar year 2011 will collectively be \$5.2 million. This represents a \$1.7 million decrease from calendar year 2010's collateral requirements of \$6.9 million. The main reasons for these decreases were the reduction in customer loads and the reduction in power prices for fiscal year 2010 as compared to 2009.

The calculations are as follows:

	Adjusted Gross	Proposed Collateral	Present	Increase or Decrease
Customer	Annual Purchases*	25%	Collateral	Of Present Collateral
	10/1/09 through 9/30/10	of previous column		
American Pacific Corporation*	\$3,061,459.50	\$765,364.88	\$945,816.52	(\$180,451.64)
Basic Water Company	\$597,468.07	\$149,367.02	\$201,640.56	(\$52,273.54)
Chemical Lime Company of Arizona	\$66,183.38	\$16,545.85	\$21,185.91	(\$4,640.06)
Tronox, LLC	\$1,410,885.17	\$352,721.29	\$406,214.94	(\$53,493.65)
Olin Chlor Alkaline Products*	\$10,161,278.29	\$2,540,319.57	\$3,388,052.75	(\$847,733.18)
Titanium Metals Corporation	\$5,463,110.04	\$1,365,777.51	\$1,979,587.32	(\$613,809.81)
Total	\$20,760,384.45	\$5,190,096.12	\$6,942,498.00	(\$1,752,401.88)

*The "Gross Annual Purchase" is based on the total Monthly Invoices plus the total Parker-Davis Advance Fund Invoices, adjusted for the following: (1) quarterly interest, and (2) administration charge refunds added back into the invoiced amount to reflect actual purchase costs.

Based on its review, Staff established the amount and prescribed the manner in which each customer is required to furnish collateral pursuant to its contracts with the Commission. The Commission's industrial customers have been briefed and are prepared to adjust their collateral requirements upon approval by the Commission.

Chairman Ogilvie asked if Staff was satisfied with the Tronox creditworthiness notwithstanding its bankruptcy.

Mr. Harris replied that staff is satisfied.

Commissioner Collins moved to approve the recommended revised collateral requirements for the Commission's retail industrial customers. Commissioner McCoy seconded the motion which was approved by a unanimous vote, with Commissioner Miller abstaining.

E. Consideration of and possible action on the Application of Tronox, LLC for Approval of Contract Assumption Pursuant to NAC 538.550 or for a Determination of Inapplicability.

Senior Deputy Attorney General Ann Pongracz provided Staff's recommendation for the Commission to authorize the Executive Director to approve an assumption of contracts and related rights by Tronox LLC, and to authorize the Executive Director to execute on behalf of the Commission re-stated versions of the contracts that update the identity of the contracting entity, provided that Tronox complies with all of the following conditions:

- Complying with all Commission regulations and contract requirements;

- Updating its collateral to meet current Commission standards, and making a commitment to comply with future Commission collateral requirements for the term of the contracts;
- Revising its statement regarding prohibition of resale, to state that “Tronox will comply with the applicable contract requirements regarding prohibition of resale of hydropower”;
- Filing in this proceeding of the lease for the land upon which its manufacturing facility near Henderson is located; and
- Filing in this proceeding of the Environmental Claims Settlement Agreement, and complying with the terms of this Agreement regarding provision of hydropower.

Staff further recommended that failure to comply with the conditions set forth herein should result in revocation of the Commission’s approval of the assumption.

A verbatim copy of Agenda Item E discussion is attached and made a part of the minutes. (See Attachment A.)

Commissioner Amodei moved to approve the proposal under Agenda Item E to approve the contract assumption pursuant to NAC 538.550 subject to the conditions outlined in the public meeting on November 9, 2010. Commissioners Collins and Miller seconded the motion. Commissioners Amodei, Batjer, Collins, McCoy and Miller voted in favor. Chairman Ogilvie opposed.

<p>F. 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.</p>
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Natural Resource Analyst Nicole Everett provided a report on the following:

- Storage Conditions
- Unregulated Inflow into Lake Powell
- Lake Powell End of Month Elevation Projections
- Lake Mead End of Month Elevation Projections
- Hoover Dam Rating and Lake Mead Elevations
- Monthly Max and Min Temperature Deviation for October 2010
- Monthly Precipitation for October 2010
- U.S. Drought Monitor - September 7, 2010
- U.S. Drought Monitor – November 2, 2010
- U.S. Seasonal Drought Outlook
- Record of Precipitation at McCarran International Airport, Las Vegas, NV
- Water Use in Southern Nevada

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

G. 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.

H. Comments and questions from the Commission members.

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

I. Selection of the next possible meeting date.

The next meeting is tentatively scheduled for 1:00 p.m. on Tuesday, December 14, 2010, at the Clark County Government Center in the Commission Chambers.

J. Adjournment.

The meeting adjourned at 1:52 p.m.

George M. Caan, Executive Director

APPROVED:

George F. Ogilvie III, Chairman