

The meeting was held at 10:00 a.m. on Tuesday, September 11, 2007, at the Grant Sawyer State Office building, 555 E Washington Ave, Suite 4401, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairman	Jay D. Bingham
Commissioner	Andrea Anderson
Commissioner	Marybel Batjer
Commissioner	Chip Maxfield
Commissioner	George F. Ogilvie III
Commissioner	Ace I. Robison
Commissioner	Lois Tarkanian

DEPUTY ATTORNEYS GENERAL

Senior Deputy Attorney General	Gerald A. López
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COMMISSION STAFF IN ATTENDANCE

Executive Director	George M. Caan
Deputy Executive Director	James D. Salo
Division Chief, Finance and Administration	Douglas N. Beatty
Energy Services Manager	Gail A. Bates
Assistant Director for Engineering and Operations	Robert Reese
Environmental Program Manager	Phillip S. Lehr
Hydropower Program Manager	Craig Pyper
Manager of Information Systems & Technology	Joe Dabrowski
Network Administrator	Kaleb Hall
Natural Resource Specialist	McClain Peterson
Natural Resource Specialist	Nicole Everett
Assistant Hydropower Manager	Jason Thiriot
Hydropower Program Specialist	Lisa Ray
Senior Energy Accountant	Gail Benton
Office Manager	Judy Atwood
Administrative Assistant III	Janet Nuszbaum
Administrative Assistant II	Donna Banks

OTHERS PRESENT; REPRESENTING

American Pacific Corporation
City of Boulder City
Clean Water Coalition
Kummer, Kaempfer, Bonner,
Renshaw & Ferario, Ltd.
Nevada Power Company
Overton Power District No. 5
Southern Nevada Water Authority

Jack Stonehocker
Ned Shamo
Doug Karafa

Erin Russell
Dave Baumgardner
Delmar Leatham
Sandra Reed-Bottino
Deanna Bruno
Dave Luttrell
Kathy Matson
Sara Price

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF SEPTEMBER 11, 2007**

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The Colorado River Commission meeting was called to order by Chairman Bingham at 10:06 a.m.

A. Conformance to Open Meeting Law.

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

The Pledge of Allegiance was then recited.

B. Approval of minutes of the June 12, 2007, meeting.

Commissioner Maxfield moved for approval of the minutes. The motion was approved by a unanimous vote of those present. Commissioner Batjer and Commissioner Tarkanian were not present for the vote.

C. Selection of Vice Chairman.

Chairman Bingham welcomed Commissioner Maxfield and Commissioner Ogilvie to the Commission.

Commissioner Maxfield nominated Commissioner Robison to the position of Vice Chairman. The motion was approved by a unanimous vote by those present. Commissioner Tarkanian was not present for the vote.

D. Consideration of and possible action to approve an amendment to an Independent Contractor Services Agreement between the Colorado River Commission of Nevada and the Nevada Water Resources Association.

Natural Resource Specialist Nicole Everett gave a brief history about the Independent Contractor Services Agreement Between the Colorado River Commission of Nevada (CRC) and the Nevada Water Resources Association (NWRA).

On February 13, 2007, the Colorado River Commission approved an Independent Contractor Services Agreement with the Nevada Water Resources Association (NWRA) to provide conference planning support for a one and a half-day conference the Colorado River Commission of Nevada hosted in April 2007. The purpose of the conference was to share information with the general public, stakeholders, and others interested in matters pertaining to the Colorado River regarding its importance as a multi-purpose resource and to bring to the forefront some of the challenging and conflicting issues with which it is currently being faced. The NWRA has significant experience in organizing events such as the one hosted by the CRC and their participation in coordinating this particular conference contributed greatly to its success. More than 160 people attended the conference, the majority of which rated the event as “Excellent” and “Very Informative.”

The original Agreement approved by the Commission during the February meeting was for an amount not-to-exceed \$9,000. Due to the significant number of conference attendees, the costs for the supplies and materials necessary to accommodate such a large attendance were greater than originally anticipated. Likewise, additional staff time was required to successfully coordinate the event. As a result, the expenditures accrued by NWRA exceeded the amount of the original Agreement.

The amendment to the contract with the NWRA would seek an additional amount not-to-exceed \$3,000 to cover those expenditures.

Commissioner Anderson moved to approve. The motion was approved by a unanimous vote.

E. Consideration of and possible action to approve an Interconnection Study Agreement Between the Clean Water Coalition and the Colorado River Commission of Nevada.

Energy Services Group Manager Gail Bates gave a brief overview of the agreement.

The Clean Water Coalition (CWC) is a political subdivision of the State of Nevada created by interlocal agreement between the Clark County Water Reclamation District, the City of Las Vegas, the City of Henderson, and the City of North Las Vegas. The CWC is proposing to develop a hydroelectric generating facility (Hydro Plant) associated with the System Conveyance and Operation Program (SCOP). The SCOP project encompasses, among other things, the construction and operation of a pipeline that transports effluent through a substantial drop in elevation from the wastewater treatment plants of the City of Las Vegas, the City of Henderson, and the Clark County Water Reclamation District to an outfall location in Lake Mead, bypassing the Las Vegas Wash. The Hydro Plant would utilize the effluent and the drop in elevation to generate hydroelectric power. The CWC has requested that the CRC study the feasibility of interconnecting the Hydro Plant to the CRC's Power Delivery Project, which currently serves certain Southern Nevada Water Authority's pumping facilities. The Interconnection Study Agreement provides for the CRC to perform an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of the Power Delivery Project, and, if applicable, its impact on neighboring systems. It also provides for the development of cost estimates for the interconnection and for the mitigation of any adverse affects on the CRC and/or neighboring systems.

Commissioner Maxfield stated he is the Chairman of the CWC and the CWC has approved this item and hopes the CRC would recognize the advantage and opportunity this agreement would provide.

Commissioner Robison asked if the Commission was approving money for the study.

Ms. Bates replied that was correct.

Chairman Bingham asked where the funds would come from for the construction.

Ms. Bates replied she was not the appropriate person to answer questions about funding the

construction. She did indicate that the funds for the study would be reimbursed by the CWC to the CRC.

Chairman Bingham asked who would the power be sold to.

Ms. Bates replied that has yet to be determined; at this point the CRC is just talking about the interconnection.

Commissioner Maxfield stated the facility would be constructed by the CWC. The CWC did a regional connection charge and the CWC will receive the money from the regional connection charge to construct the SCOP project which is approximately \$700 million. The reason for this is to build some efficiencies in the project if there was an opportunity to generate power that CWC could use for itself or The Southern Nevada Water Authority or other entities could use, and would be an added benefit because the CWC does not want to get into the power business.

Commissioner Tarkanian moved to approve. The motion was approved by unanimous vote.

F. Appointment of a Board Member and an Alternate Board Member to the Silver State Energy Association Board of Directors.

Mr. Caan stated that in June 2007 the Commission authorized the Colorado River Commission of Nevada (CRC) to participate in the Silver State Energy Association (SSEA). The SSEA consists of City of Boulder City, the CRC, Lincoln County Power District No. 1, Overton Power District No. 5, and the Southern Nevada Water Authority.

Each agency needs to appoint a board member and an alternate. CRC's Deputy Executive Director James Salo has been nominated to be a board member and Chief, Finance & Administration, Douglas Beatty to act as an alternate.

Commissioner Robison asked if at some time a Commission member should serve on the SSEA board, what would be the appropriate way to pursue that.

Mr. Caan responded the CRC would bring an action before the Commission to do so.

Commissioner Anderson moved for approval. The motion was approved by unanimous vote.

G. Consideration of and possible action to: (1) approve a Novation Agreement among Sempra Energy Trading Corp., The Royal Bank of Scotland plc, and the Colorado River Commission of Nevada (CRC); and (2) ratify execution of a Transfer, Consent, and Assignment Agreement among Pinnacle West Marketing & Trading Co. LLC; Morgan Stanley Capital Group Inc.; and the CRC.

Ms. Bates stated that the CRC purchases and sells electricity pursuant to the terms of the Western Systems Power Pool (WSPP) Master Agreement. The WSPP is a corporation with over 250 members including power marketers, investor-owned and public power utilities. WSPP Members transact electricity pursuant to the standardized terms and conditions contained in the WSPP Master Agreement. The Parties to a WSPP power purchase or sale transaction also enter into transaction-specific "Confirmation Agreements" which specify the negotiated terms of an individual transaction such as price, quantity, delivery point, etc. The CRC currently has WSPP Confirmation Agreements with Sempra Energy Trading Corp. and Pinnacle West Marketing & Trading Co., LLC. Both of these counterparties have requested that they be able to assign their Confirmation Agreements with the CRC to third parties. Sempra Energy Trading Corp. has requested that its Confirmation Agreements with the CRC be assigned to The Royal Bank of Scotland plc. Pinnacle West Marketing & Trading Co., LLC, has requested that its transactions with the CRC be assigned to Morgan Stanley Capital Group, Inc. The WSPP Agreement requires the consent of the other counterparty before a Confirmation Agreement can be assigned to a third party. The CRC has determined that the requested assignments will not cause the CRC to assume any additional liability.

Pinnacle West Marketing & Trading Co, LLC, requested an agreement effective date of September 1, 2007, for the assignment. Therefore, the CRC executed the subject Transfer, Consent, and Assignment Agreement with Pinnacle West Marketing & Trading Co., LLC, and Morgan Stanley Capital Group Inc. Staff recommends ratification of this agreement. The Novation Agreement among Sempra Energy Trading Corp., The Royal Bank of Scotland plc, and the CRC has not yet been executed. Staff recommends that the executive director be authorized to execute the agreement.

Commissioner Robison moved for approval. The motion was approved by unanimous vote.

<p>H. Consideration of and possible action on Contract No. SA-07-01 with Peak Substation Services, LLC, for material purchasing services.</p>
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Assistant Director of Engineering and Operations Bob Reese stated that to provide CRC operation and maintenance staff with the ability to obtain replacement equipment and material costing in excess of \$5,000, CRC entered into contracts with two vendors, Northern Power Equipment, Inc., and Western States Electric, Inc.

Northern Power Equipment, Inc. has performed well under its contract and the Commission extended the contract through June 30, 2010. Western States Electric, Inc., elected not to continue its services and its contract expired.

Chairman Bingham asked why Western States Electric, Inc., elected not to continue to provide services.

Mr. Reese replied that the contract is a small dollar amount and also is an enabling-contract which does not guarantee that CRC would ever use the vendor's services.

To select an appropriate vendor, CRC developed a request for proposals and released this to five qualified wholesale distributors. Based on the proposals received, CRC would like to enter into Contract SA-07-01 with Peak Substation Services. Under the proposed contract, a not-to-exceed amount of \$200,000 has been established. It will be a three-year contract expiring June 30, 2010.

Commissioner Robison asked if this contract was for services and materials.

Mr. Reese responded that it is for materials only.

Commissioner Maxfield moved for approval. The motion was approved by unanimous vote.

<p>I. Consideration of and possible action to approve the Agreement for Operation and Maintenance Engineering Support Services with Burns & McDonnell Engineering Company, Inc.</p>
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In 2001, CRC hired its first in-house electrical engineer to provide engineering support for its system. As a result, CRC is capable of performing many routine engineering support functions including preparation of fault studies and relay coordination studies, analyzing fault data, preparing wiring and control schematics for modification projects, and troubleshooting problems with electrical equipment and electronic control devices. In addition, CRC recently completed construction of the RMPS-B Substation and is currently completing an upgrade of the Hacienda Substation. Both of these projects were designed using CRC staff.

However, CRC occasionally requires further engineering support for its operation and maintenance function. Areas of expertise required periodically include civil engineering for foundation, grading and structural design; communication engineering for assistance with CRC's fiber optic and microwave radio communication system; system studies; and specialized computer programmers for assistance with SCADA system programming. On a less frequent basis, CRC requires expertise in environmental engineering and structural engineering for minor projects and problems. In addition to supporting CRC's operation and maintenance function, CRC will also require an engineering firm to assist with the preparation of designs and specifications for several upcoming projects, including the IPS 3 Substation and the Clean Water Coalition Interconnection projects.

Burns & McDonnell also has extensive knowledge of CRC's transmission and distribution system, having served as CRC's design engineering firm for Phase I of the Power Delivery Project and for the Basic Substation Project. Burns & McDonnell has twice provided engineering support to CRC for its operation and maintenance function and performed all requested assignments under those agreements in an efficient and effective manner.

Under the proposed agreement, CRC intends to retain the services of Burns & McDonnell through June 30, 2012. Work under the agreement will be authorized by CRC staff as needed through the development and execution of written task authorizations. The total value of task authorizations under the agreement shall not exceed \$450,000 unless the amount is increased by both the Commission and the State Board of Examiners. Under the agreement, Burns & McDonnell will be

required to provide appropriate insurance, including \$1,000,000 in professional liability insurance.

Commissioner Anderson moved for approval. The motion was approved by unanimous vote.

J. Notification of receipt of the Government Finance Officers Association's award of the Certificate of Achievement for Excellence in Financial Reporting for the Commission's annual financial report for the fiscal year ended June 30, 2006.

Mr. Caan stated that this is the 30th year the CRC has received this award. Mr. Caan also said that with the complexity of the accounting to continue to receive this award is a real achievement for the accounting staff.

Chairman Bingham, on behalf of the Commission, expressed his appreciation to staff as well.

Commissioner Batjer stated to receive this honor for 30 years is quite extraordinary and thanked CRC for the effort involved in order to achieve this accomplishment.

K. Consideration of and possible action to adopt Colorado River Commission Resolution 2007-3, commending Richard W. Bunker for his service to the Commission.

Commissioner Robison stated for the record his appreciation to Chairman Bunker for presiding over the Commission during challenging and difficult times as the Commission re-organized itself as required by law.

Commissioner Batjer expressed her appreciation to Chairman Bunker for his wisdom, foresight, knowledge of energy and water, and devotion to the public.

Commissioner Anderson stated that Chairman Bunker was a great leader for the Commission.

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

Commissioner Robison moved for approval. The motion was approved by unanimous vote.

L. Update on Nevada's Colorado River water consumption, the status of discussions regarding shortage criteria, and other developments on the Colorado River.

Mr. Caan stated that Natural Resource Specialist McClain Peterson would provide the update on the issues regarding the Colorado River.

Mr. Peterson provided a report on the following:

- Storage Conditions on Lake Mead and Lake Powell
- Unregulated Inflow into Lake Powell

- Precipitation in the Colorado River Basin
- Drought conditions in the West
- Water use in Southern Nevada

Commissioner Robison stated he would like more information in a future meeting or briefing about future consumption and ability to use the water and how much there is to use.

Mr. Caan replied that the topic of utilizing non-Colorado River flows into Lake Mead and use those as diversions and account for those in the return flow credit methodology has been discussed. That methodology has not quite been defined as yet but will be brought to the Commission at the appropriate time.

Commissioner Batjer stated she would like a discussion on what preparations the CRC and Southern Nevada Water Authority and other entities who are concerned about future consumption have in place when we reach a shortage.

Mr. Caan replied when he has the information, he will bring it before the Commission.

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

Mr. Caan provided a brief report regarding the seven basin states. The seven states attended a meeting in Washington D.C. with the Department of the Interior, the Bureau of Reclamation, and the State Department to discuss the US-Mexico Treaty of 1944. The treaty assigns the United States the responsibility to deliver 1.5 million acre feet of water to Mexico with an additional 200,000 acre feet in a surplus year.

The meeting was to begin a dialog as to how to address the presentation of the shortage environmental impact statement in which Mexico would take a 17 percent reduction as its proportionate share and what opportunities there may be for the seven states to work with Mexico and the state department to develop opportunities for efficiency of resources and to mitigate the effects of potential drought response. The state department has the responsibility of implementing the treaty. The first step of this dialog was to understand their expectations.

The outcome of the meeting was that the International Boundary of Water Commission, which is the agency responsible for the United States and a similar entity on the Mexican side, is to host a meeting this fall between the United States water agencies to begin a discussion to develop a potential drought plan with respect to Mexico.

Commissioner Anderson asked how the lining of the All-American Canal fit into this scenario.

Mr. Caan responded the lining has begun, and the lawsuit has been settled. The lining of the canal has reduced water seepage and as a result Mexico considers that part of any drought restriction it must bear has already occurred with the lining of the canal.

M. Comments and questions from the public and discussion. (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 Bingham asked if there any questions or comments from the public. There were none.

N. Comments and questions from the Commission members.

Chairman Bingham asked if there any questions or comments from the Commissioners. There were none.

O. Selection of the next possible meeting date.

The next meeting is tentatively scheduled for Tuesday, October 9, 2007, at 10:00 a.m. at the Grant Sawyer Building.

P. Adjournment.

The meeting adjourned at 10:50 a.m.

George M. Caan, Executive Director

APPROVED:

Jay D. Bingham, Chairman