

**The meeting was held at 10:00 a.m. on Tuesday, March 14, 2006, at the Grant Sawyer Building, 555 East Washington Avenue, Suite 4412, Las Vegas, Nevada.**

**COMMISSIONERS IN ATTENDANCE**

Vice Chairman  
Commissioner  
Commissioner  
Commissioner

Jay D. Bingham  
Andrea Anderson  
Marybel Batjer  
Ace I. Robison

**COMMISSIONERS NOT IN ATTENDANCE**

Chairman  
Commissioner  
Commissioner

Richard W. Bunker  
Shari Buck  
Myrna Williams

**DEPUTY ATTORNEYS GENERAL**

Senior Deputy Attorney General  
Senior Deputy Attorney General

Gerald A. López  
Jennifer T. Crandell

**COMMISSION STAFF IN ATTENDANCE**

Executive Director  
Energy Services Group Manager  
Manager of Regulatory and Intergovernmental Affairs  
Chief, Finance and Administration  
Assistant Director of Engineering and Operations  
Division Chief, Water  
Hydropower Program Manager  
Program Officer III  
Natural Resources Technician  
Natural Resource Specialist  
Natural Resource Specialist  
Senior Energy Accountant  
Manager of Planning and Analysis  
Program Officer II  
Office Manager  
Administrative Assistant II

George M. Caan  
Gail A. Bates  
James D. Salo  
Douglas N. Beatty  
Robert Reese  
James H. Davenport  
Craig Pyper  
Jason Thiriot  
Anthony J. Miller  
McClain Peterson  
Nicole Everett  
Gail Benton  
Damon Dade  
Lisa M. Ray  
Deanna Bruno  
Janet L. Nuszbaum

**OTHERS PRESENT; REPRESENTING**

American Pacific Corporation  
Bunker & Associates  
City of Boulder City  
Kummer, Kaempfer, Bonner, and Renshaw, Ltd.  
Las Vegas Valley Water District/So. Nevada Water Authority  
Nevada Power Company  
Overton Power District No. 5  
PABCO Gypsum

Jack Stonehocker  
Melissa Trammell  
Ned Shamo  
Mark Alvarez  
Sandra Reed Bottino  
Dave Baumgardner  
Delmar Leatham  
Barbara Shand

**COLORADO RIVER COMMISSION  
OF NEVADA  
MEETING OF MARCH 14, 2006**

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Executive Director George Caan explained that because there was not a quorum present, Item E, an update on water issues, would be presented first, for informational purposes only, before the actual Commission meeting began. Item E did not require the Commissioners to deliberate toward a decision or take any action.

**E. Update on the status of discussions regarding shortages criteria and other developments on the Colorado River.**

Water Division Chief Jim Davenport gave a brief report on the Seven Basin States and water use in Nevada for this year. Mr. Davenport stated that the proposal made to the Secretary has been received and the public statements made by her staff have been very positive. The next meeting of the Seven Basin States will be one in which the Bureau of Reclamation is going to be making a report to the states about their initial impressions of the proposal.

Mr. Davenport then gave some information about what is happening in the reservoirs and also about the technical support provided by the Bureau of Reclamation to the states in the development of the Seven Basin States proposal.

Commissioner Robison asked how will this be affected by the Secretary's stepping down.

Mr. Davenport stated that we don't know, but one would presume that the momentum of this proposal is good enough on the merits that a successor should want to continue in the vein of the existing Secretary.

Commissioner Robison asked if we have had interactions with the Acting Secretary.

Mr. Davenport replied no.

Natural Resource Specialist McClain Peterson gave a presentation regarding the use of water on the Colorado River in 2006, a copy of which is attached hereto and made a part of the minutes. See Attachment A.

Nicole Everett, Natural Resources Specialist, gave a presentation on how modeling is used in Colorado River shortage discussions, a copy of which is attached hereto and made a part of the minutes. See Attachment B.

A quorum having been achieved, the Colorado River Commission meeting was called to order by Vice Chairman Bingham at 10:45 a.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 the minutes of the February 14, 2006, meeting.**

**Commissioner Anderson moved for approval of the minutes of the February 14, 2006, meeting as written. Commissioner Robison seconded the motion, and the motion was approved by a unanimous vote of those present.**

**C. Consideration of and possible action on a confidentiality agreement with Nevada Power Company, respecting certain materials related to the Silverhawk Powerplant Project (“Silverhawk”).**

Energy Services Group Manager Gail A. Bates stated that in November of 2003, the Commission executed a confidentiality agreement with GenWest, L.L.C., (“GenWest”) relating to Silverhawk, a 570-megawatt combined-cycle natural gas turbine generating unit presently operating in southern Nevada. The Southern Nevada Water Authority (“SNWA”) is a minority owner of Silverhawk. The CRC and GenWest originally entered into the confidentiality agreement so that CRC, acting as a representative of the SNWA, could receive confidential information concerning the project. The Commission had a need to receive such information so that it could carry out its duties as provider, scheduler and manager of SNWA’s electrical power resources under the October 29, 1998, “Electric Power Supply Agreement” between the Commission and the SNWA.

In January of 2006, Nevada Power Company (“Nevada Power”) assumed ownership of GenWest’s interest in Silverhawk. The CRC has a continued need to receive confidential information from Nevada Power concerning Silverhawk so that it can fulfill its accounting and billing agency responsibilities under the currently effective Electric Power Supply Agreement with the SNWA.

Under the superseding confidentiality agreement between the Commission and Nevada Power, designated representatives of the CRC, who are authorized by the SNWA, may have access to certain defined “Protected Materials” relating to Silverhawk. The agreement provides procedures for accessing, reviewing and handling Protected Materials. For example, these materials must be kept in separate and locked files on SNWA property. Also, in addition to any other remedies provided by applicable law, except punitive damages, Nevada Power may obtain injunctive and other equitable relief to prevent use or disclosure in violation of the confidentiality agreement.

**Commissioner Batjer moved for approval of the confidentiality agreement, Commissioner Anderson seconded the motion, and the motion was approved by a unanimous vote of those present.**

**D. Consideration of and possible action on an agreement with Clark County regarding the Fort Mohave Valley Development Account.**

Executive Director George Caan reported that the Colorado River Commission, pursuant to the Fort Mohave Valley Development Law, NRS 321.480 through 321.536, holds land for development or disposition for development, with the prior concurrence of the Clark

County Commission. Net proceeds from the Commission's development or disposal for development within the Fort Mohave Valley are deposited in the Fort Mohave Valley Development Account ("FMVDA") pursuant to NRS 321.530, and the use of the monies from the FMVDA is governed by NRS 321.536.

During 2005, the Commission became obligated to pay certain power-related transactions remaining under a previous settlement of litigation with one of its power customers. In reviewing options available to the Commission for a source of funds to pay those legally binding obligations when due, the Commission determined that it had statutory authority to expend monies under NRS 321.536(2) to administer the Fort Mohave Valley Development Law and for ". . . any other expenditures authorized by law." In reliance upon the phrase ". . . any other expenditures authorized by law," the Commission used a portion of the net proceeds from a 2005 sale of Commission land under the Fort Mohave Valley Development Law to pay those power-related obligations.

Clark County questioned that interpretation of NRS 321.536(2) by the Commission. In order to resolve the difference of interpretation of NRS 321.536(2), the staff of CRC and the staff of Clark County have negotiated this proposed *Agreement Between The Colorado River Commission Of Nevada And Clark County, Nevada Regarding Use Of Fort Mohave Valley Development Account Funds* ("Agreement") which essentially requires the parties to jointly seek legislative guidance on the matter from the next session of the Nevada legislature.

The key elements of this Agreement include that during the term of the Agreement:

1. The County will not bring legal action to challenge the CRC's past use of a portion of the 2005 land sale proceeds;
2. The CRC will not use any funds generated from sales of land or deposited in the FMVDA for any purpose except to administer the provisions of the Fort Mohave Development Law; and
3. The County and CRC will, at the 2007 session of the Nevada legislature, jointly support and testify in favor of passage and approval of one or more pieces of legislation that will delete or amend the disputed language in NRS 321.536(2) and seek a non-reimbursable appropriation of funds to the FMVDA to replace that portion of the money CRC used during 2005.

Also, during the term of the Agreement and through December 31, 2007, the CRC waives application of any statute of limitations or repose that might otherwise apply to any related legal action that the County may choose to bring against the CRC.

The Agreement will become effective upon the approval of both the Commission and the Clark County Commission with the term of the Agreement expiring October 1, 2007

**Commissioner Robison made a motion to approve the agreement with Clark County, which was seconded by Commissioner Anderson, and approved by a unanimous vote of those present.**

