

The meeting was held at 1:03 p.m. on Tuesday, October 8, 2013 at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4401, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Vice Chairman
Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

Berlyn D. Miller
Bob Coffin
J. Brin Gibson
Duncan R. McCoy
Puoy K. Premsrirut
Steve Sisolak

COMMISSIONERS NOT IN ATTENDANCE

Chairman

George F. Ogilvie III

SPECIAL COUNSEL, ATTORNEYS GENERAL

Special Counsel, Attorney General
Special Counsel, Attorney General

Jennifer T. Crandell
Ann C. Pongracz

COMMISSION STAFF IN ATTENDANCE

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

Jayne Harkins, P.E.
Douglas N. Beatty
Robert D. Reese
Craig N. Pyper
McClain L. Peterson
Warren Turkett
Lisa M. Ray
Dana Corkill
Gail L. Benton
Judy K. Atwood
Melissa Dibert
Carla Miguel

OTHERS PRESENT; REPRESENTING

Consultant
City of Henderson
Overton Power District No. 5
Las Vegas Cogeneration
Self

Sara A. Price, Esq.
Suzette Wheeler
Mendis Cooper
Jeff Pangle
Todd Farlow

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF OCTOBER 8, 2013**

INDEX

<u>Agenda Item</u>	<u>Subject</u>	<u>Page No.</u>
A.	Conformance to Open Meeting Law	1
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 may be taken.)	1
C.	<i>For Possible Action:</i> Approval of minutes of the September 10, 2013 meeting	1
D.	<i>For Possible Action:</i> Consideration of and possible action to approve a contract between ESCI Inc. and the Colorado River Commission of Nevada for Energized Electric System Safety Training and Compliance Services	1
E.	<i>For Possible Action:</i> Consideration of and possible action to approve Contract No. SA-13-03 for Materials Purchasing Services between HD Supply Power Solutions, Ltd. and the Colorado River Commission of Nevada.....	3
F.	<i>For Possible Action:</i> Consideration of and possible action to authorize the Executive Director to execute a Memorandum of Understanding among all of the current federal contractors at Hoover Dam to pursue proportional prepayment of some of the long-term obligations at Hoover Dam to decrease the total cost of power from Hoover Dam.....	7
G.	<i>For Information Only:</i> Status update on the Colorado River Commission of Nevada’s efforts to implement the provisions in the Hoover Power Allocation Act of 2011 (H.R. 470) passed by Congress	8
H.	<i>For Information Only:</i> 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.....	9

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF OCTOBER 8, 2013**

INDEX

<u>Agenda Item</u>	<u>Subject</u>	<u>Page No.</u>
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 may be taken.)	10
J.	Comments and questions from the Commission members	10
K.	Selection of the next possible meeting date.....	10
L.	Adjournment	11

The Colorado River Commission meeting was called to order by Vice Chairman Miller at 1:03 p.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Executive Director Jayne Harkins 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 may be taken.)

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

C. *For Possible Action:* Approval of minutes of the September 10, 2013 meeting.

Commissioner Coffin moved for approval of the minutes. The motion was seconded by Commissioner Gibson and approved by a unanimous vote of those present. Commissioner Sisolak was not present for the vote.

D. *For Possible Action:* Consideration of and possible action to approve a contract between ESCI Inc. and the Colorado River Commission of Nevada (Commission) for Energized Electric System Safety Training and Compliance Services.

Assistant Director of Engineering and Operations Robert D. Reese provided a summary of the contract for services between independent contractor ESCI Inc., and the Commission.

Mr. Reese stated that the Commission owns and operates high-voltage transmission and distribution facilities in southern Nevada. The Commission employs a staff of managers, engineers, technicians, and electricians and desires to ensure these employees are trained in the hazards associated with the operation and maintenance of the energized electric system and on proper mitigation measures, procedures and tools. The Commission's contract for energized electric system safety training and compliance services that meet the requirements established by OSHA 29 CFR 1910 expired in December 2012.

In order to replace the previous expired support contract, the Commission began the process of recruiting qualified safety training firms through a Request for Proposals (RFP) process which was handled by the Nevada State Purchasing Division (State Purchasing). Proposals were sought from qualified contractors that have an established record of providing safety and wellness training, switchman certification, and commercial driver's license instruction programs. The RFP received no responses on its first

issuance. State Purchasing reissued the RFP and received one response from ESCI Inc. (ESCI).

The agreement for Commission consideration today is with ESCI Inc. Under the contract, ESCI will:

1. Develop and implement a safety and wellness training program. The program is based upon the requirements of OSHA 29 CFR 1910 and the latest edition of the American Public Power Association's Safety Manual. The program includes such topics as first aid, CPR, equipotential grounding, hot stick use and care, electrical safety, confined space entry, and hazardous material communication. ESCI will implement the program by providing monthly training sessions at the Commission's Newport Substation office complex.
2. Develop and implement a high-voltage switchman certification program. The program is based upon the Commission's Switching and Clearance Procedures, the American Public Power Association's Safety Manual, and the Western Area Power Administration's Power System Switching Procedure. ESCI will provide classroom instruction, hands-on practice and a written exam in order to ensure the Commission's personnel are properly qualified and trained to carryout high-voltage switching.
3. Provide commercial driver license (CDL) training and CDL records maintenance. ESCI will provide training to allow the Commission's operations and maintenance personnel to receive a CDL issued by the State of Nevada. ESCI will provide follow-up services including a drug-testing program that meets the requirements of the State of Nevada's Department of Motor Vehicles.
4. Provide safety equipment and materials as requested up to \$10,000 per year as identified and directed by the Commission. Equipment may include automated external defibrillators (AEDs) as required for electrical workers by OSHA and outdoor gas cylinder storage cages.

Under the proposed contract, a not-to-exceed amount of \$341,220.00 has been established for a contract term of four years, subject to Board of Examiners approval.

Staff believes ESCI is well qualified and fully capable of providing safety training and compliance services to the Commission and recommended approval of this contract.

Commissioner Sisolak arrived at this time.

Mr. Reese asked if there were any questions.

Commissioner Gibson asked why there was only one response to the RFP.

Mr. Reese replied that it could be due to the low competition in this particular field and the challenges involved in preparing the documentation required for contracting with the State.

Commissioner Miller asked if it is the State or the Commission regulations that require so much preparation to respond to the RFP.

Mr. Reese replied that this RFP was conducted by State Purchasing. He further noted that the Commission is a State agency; hence, like other agencies, it is required to include provisions to ensure the low-risk of liability.

Commissioner Miller praised Mr. Reese's and Staff's safety record and numerous safety awards, and recognized ESCI's contribution to this success. He also emphasized the importance of continued application of the same safety method.

Commissioner McCoy inquired on the proposed cost of the new contract compared to the previous one.

Mr. Reese said that the new contract had a very small percentage increase, and pointed out the inclusion of 10% contingency on the bid price. He said that the 10% contingency was added for unforeseeable services that might be required in the future. Mr. Reese further explained the advantage of having a long-term relationship with a contractor. ESCI provision of service to the Commission since 1999 made it easier for the company to customize its safety training according to the Commission's requirements.

Commissioner McCoy moved for approval of contract for Energized Electric System Safety Training and Compliance Services between ESCI Inc. and the Commission, and authorized the Executive Director to sign it on behalf of the Commission. The motion was seconded by Commissioner Premsrut and approved by a unanimous vote.

<p>E. <i>For Possible Action:</i> Consideration of and possible action to approve Contract No. SA-13-03 for Materials Purchasing Services between HD Supply Power Solutions, Ltd. and the Colorado River Commission of Nevada (Commission).</p>
--

Assistant Director of Engineering and Operations Robert D. Reese provided a summary of the contract for Materials Purchasing Services between HD Supply Power Solutions, Ltd., and the Commission.

Mr. Reese stated that, under State of Nevada purchasing guidelines, designated Power Delivery Group (PDG) staff has the ability to purchase items costing less than \$5,000.00 from vendors with whom the Commission has established accounts. This purchasing mechanism allows the PDG to purchase small tools and items such as low voltage wire, conduit, and replacement luminaries. However, many individual items and replacement parts within the Commission's transmission system cost in excess of \$5,000.00. Relays and metering equipment typically cost between \$5,000.00 and \$30,000.00, communication modules cost between \$3,000.00 and \$10,000.00, transformer bushings cost up to \$100,000.00 each, tap changer controls cost approximately \$12,000.00, and replacement switches can cost between \$7,000.00 and \$15,000.00.

A Request for Proposals (RFP) for Materials Purchasing Services was issued on July 16, 2013 to provide the Commission's Power Delivery Group (PDG) with the ability to obtain replacement equipment and material which costs more than \$5,000.00, and to replace the previous expired materials purchasing contracts. The RFP was posted on the websites for the Commission and State Purchasing, advertised in the *Las Vegas Review-Journal*, and sent to various wholesale distributors.

On the proposal opening date, August 13, 2013, two proposals were received—one from HD Supply Power Solutions, Ltd. (HD Supply) and another from Peak Substation Services. The Commission approved the Peak Substation contract at its September, 2013 meeting. Contract No. SA-13-03 for Commission consideration under this agenda item is with HD Supply.

This contract is an enabling type contract that allows the Commission's PDG to request a quotation each time a purchase is to be made. If the Commission has contracts with multiple vendors, quotations will be solicited from each vendor and compared. The vendor offering the most favorable terms will be issued a purchase order to furnish the required items.

Under the proposed Contract No. SA-13-03, a not-to-exceed amount of \$250,000.00 has been established for a contract term of four years. Contract SA-13-03 is non-exclusive. The Commission is not obligated to purchase materials under the contract. The Commission's only financial obligation to HD Supply (other than for the materials provided) will be to reimburse HD Supply for the cost of the required performance bond. If materials are purchased by the Commission, HD Supply will be reimbursed for the cost of the material plus a service fee. The contract contains requirements relating to performance bonds, insurance, liability, and payments.

The materials purchasing contract being considered under this agenda item is intended to serve as a means to purchase needed materials costing in excess of \$5,000.00. It is not intended as a method to purchase items for capital projects or large items such as a power transformer. Materials for capital projects and large-scale replacement purchases will continue to be brought before the Commission for consideration.

Staff recommended the Commission approve the contract with HD Power Supply Solutions, Ltd. and authorize the Executive Director to sign it on behalf of the Commission.

Commissioner Miller asked to clarify if the customers would reimburse the expenditures the Commission would incur.

Mr. Reese clarified it to be correct.

Commissioner Gibson asked for the advantage of having a rotation list as opposed to just purchasing the materials from any vendor with the lowest quotes.

Mr. Reese answered that the need for the materials or equipment could be time-sensitive and costly. If the cost is not within the Staff's approval authority, the acquisition would have to be presented to the Commission, and the approval process could potentially delay needed replacement of part of the equipment. A list of approved vendors would facilitate the acquisition of materials in a timely manner.

Commissioner Sisolak asked if the two approved vendors would still have to bid on the materials that need to be purchased.

Mr. Reese replied that each time a purchase is to be made, Staff would get quotations from both vendors and select the one with better pricing and delivery time compliance.

Commissioner Sisolak inquired about the time involved in receiving the quotes.

Mr. Reese said that with today's technology, it could only take minutes to get the quotes though phone calls or e-mails.

Commissioner Sisolak asked if HD Supply and Peak Substation Services were the only companies that could provide this service of selling heavy equipment.

Mr. Reese replied that the Commission sent RFPs to six companies and only two had responded within the allotted time.

Commissioner Sisolak asked why the other four did not respond.

Mr. Reese replied that he is not aware of the companies' reasons.

Commissioner Sisolak asked if it were possible to qualify all the six companies, put them on the list and get pricing from all of them.

Mr. Reese replied that the purchasing mechanism required vendors to comply with the bid process to ensure their conformance to the terms and conditions of the contract.

Commissioner Sisolak asked if it is possible to have a list of companies that Staff could qualify and solicit pricing from for a more competitive pricing as opposed to getting quotes from only two vendors. The lowest bidder conforming to the required delivery time would then be awarded the purchase order.

Mr. Reese said that this is an excellent point and would confer with the Executive Director on the issue.

Commissioner Gibson asked if there is a non-collusion provision in the contract to ensure that there would not be price fixing.

Mr. Reese replied that a lot of manufacturers would not directly sell to a private company or the public; and that these manufacturers use authorized representatives instead, a method that could eliminate price fixing.

Vice Chairman Miller asked how many suppliers were contracted previously with the Commission.

Mr. Reese answered that the Commission had two suppliers in the past – Peak Substation Services, and the Northern Power Products, which did not respond to the RFP for this contract.

Vice Chairman Miller asked if it were possible that the company did not receive the RFP.

Mr. Reese replied that the RFP was sent directly to Northern Power Products and did not receive a response.

Commissioner Coffin asked if Staff could keep an inventory of parts or materials so items may readily be available when needed to avoid having to purchase them in a time-sensitive or costly situation.

Mr. Reese acknowledged the importance of the question, and said the Commission does have an inventory of a lot of different components; and the inventory is replenished or replaced whenever a component is used or loaned to a neighboring utility.

Vice Chairman Miller asked if the Commission could approve the contract with a stipulation that it reserved the right to add other suppliers to this contract.

Mr. Reese answered affirmatively, adding that Staff could solicit more vendors if needed; and maintaining two vendors in the past did work well in facilitating all requirements.

Commissioner Sisolak commented that he agreed to Commissioner Gibson's advice of soliciting bids from different suppliers as opposed to just two contractors; and having a list of qualified suppliers would be a better way to get competitive pricing and save money. The suppliers could be taken off the list if unable to meet the delivery criteria.

Mr. Reese appreciated the comment and added that Staff would look into the advisement.

Ms. Harkins commented that Staff would consider the Commissioner's advice.

Commissioner Premsrirut asked for clarification on the percentage and markup deviations on the two contracts; and if percentages commensurate with the industry.

Mr. Reese replied that percentages were actually a little bit better than the other utility service companies. The competitive percentage is a result of effective negotiation with the vendors.

Commissioner Sisolak commented that he was for the approval of the contract; and still wanted to have the flexibility to revisit the contract for a better purchasing mechanism in the future.

Commissioner Sisolak moved for approval of Contract No. SA-13-03 for Materials Purchasing Services between HD Supply Power Solutions, Ltd. and the Commission, and to authorize the Executive Director to sign it on behalf of the Commission. The motion was seconded by Commissioner Gibson and approved by a unanimous vote.

F. *For Possible Action:* Consideration of and possible action to authorize the Executive Director to execute a Memorandum of Understanding (MOU) among all of the current federal contractors at Hoover Dam to pursue proportional advance prepayment of some of the long-term obligations at Hoover Dam to decrease the total cost of power from Hoover Dam.

Ms. Harkins provided a summary of the Memorandum of Understanding (MOU) among all of the current federal contractors at Hoover Dam.

The Bureau of Reclamation, an agency of the United States Department of the Interior (the “Bureau”), has funded the cost of construction of the Hoover Visitors Center at the Hoover Dam and the construction of the Air Slots at the Hoover Dam through borrowings (the “Bureau Debt”) from the United States Department of the Treasury. The Bureau Debt bears interest at rates that are substantially higher than current market interest rates. The payment of the principal and interest on the Bureau Debt is a component of the cost of power and energy payable by the federal Hoover Contractors to the Western Area Power Administration (Western) pursuant to their power agreements with Western (Western Agreements).

The Bureau has determined that the Hoover Contractors may prepay the Bureau Debt provided that all of the outstanding Bureau Debt is prepaid by all of the Hoover Contractors at the same time.

The Hoover Contractors have determined that it is in their individual and collective best interest to pursue the prepayment of the outstanding Bureau Debt so as to decrease their cost of capacity and energy payable pursuant to the Western Agreements. The Hoover Contractors have developed a proposed MOU to memorialize that all Hoover Contractors intend to participate in the prepayment of all of the outstanding Bureau Debt and to set forth preliminary terms and conditions pursuant to which the Hoover Contractors can effectuate the prepayment of the Bureau Debt.

It is anticipated that the Commission, in coordination with the State Treasurer’s Office, will seek to issue both short-term financing and new long-term bonds to fund its ability to make its proportional prepayment of the Bureau Debt. All material documents necessary to initiate any new short-term or long-term financing will be brought before the Commission at future Commission Meetings for consideration and possible action.

The Staff recommended that the Commission authorize the Executive Director to execute the non-binding Memorandum of Understanding (MOU).

Vice Chairman Miller asked for clarification that the bonds would not be issued until the first quarter of next year.

Ms. Harkins replied affirmatively and said that the State Treasurer's Office did not intend to issue any bonds this year. She added that when the State Treasurer's Office issue one big bond for several State agencies in the first quarter of 2014, the Commission would be a part of that bond.

Vice Chairman Miller asked if the Commission would see the projected annual savings of \$650,000.00 before the issuance of the bond.

Ms. Harkins said that the new estimated savings and the updated information would be presented to the Commission for consideration of approval before the bond is issued.

Commissioner Coffin asked to clarify if the air slots were constructed to deflect water from Lake Mead, and prevent cavitation damage.

Ms. Harkins complimented Commissioner Coffin's knowledge of the issue, and continued that when Lake Mead overflowed in 1983 and water went through the spillways, air slots were fabricated to prevent more cavitation and future damages.

Commissioner Coffin asked for the total cost of that particular damage.

Ms. Harkins replied that she did not have the figures.

Commissioner Coffin commented that he believed it to be about \$10 million.

Commissioner Coffin moved for approval giving the Executive Director authorization to execute a Memorandum of Understanding (MOU) among all of the current federal contractors at Hoover Dam to pursue proportional prepayment of some of the long-term obligations at Hoover Dam. The motion was seconded by Commissioner McCoy and approved by a unanimous vote.

<p>G. <i>For Information Only:</i> Status update on the Colorado River Commission of Nevada's efforts to implement the provisions in the Hoover Power Allocation Act of 2011 (H.R. 470) passed by Congress.</p>
--

Ms. Harkins reported that Staff is in the process of working on revisions to the Commission's current State regulations. Work is projected to be completed by the end of October, and the review process through the Legislative Counsel Bureau (LCB) will begin thereafter. The changes will eventually be presented to the Commission in a hearing. Ms. Harkins added that Western is still working on its final marketing criteria for the Federal Register Notice, which had been expected in September; and that the

criteria remain pending at the Department of Energy due to the federal government shutdown.

Vice Chairman Miller asked if Staff is continuing the review of the Commission's regulations.

Ms. Harkins replied that it is correct.

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.

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

- Unregulated Inflow into Lake Powell
- Storage Conditions
- Lake Powell End of Month Elevations
- Lake Mead End of Month Elevation Projections
- Precipitation – Colorado River Basin
- Monthly Precipitation for August 2013
- Record of Precipitation, Las Vegas, NV as of September 30, 2013
- U.S. Monthly Drought Outlook
- Water Use in Southern Nevada

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

Commissioner Coffin asked about the accuracy of McCarran Airport's location, which is designated as the official gauge and indicator of rainfall in Southern Nevada.

Mr. Turkett replied that McCarran Airport had been used as the official rainfall gauge for over 50 years now; and noted there are other monitor stations throughout the County.

Commissioner Sisolak asked if the current hydrologic condition is better or worse compared to the last few years. He added that it would be more interesting to know the figures within five to six years only, and not the 30-year average as indicated on the report.

Mr. Turkett said that different agencies use a 30-year average for the reports as it is believed that a longer-term average is a good measuring reference.

Vice Chairman Miller added that reports with a five to ten-year average would be more meaningful to the Commission.

Mr. Turkett replied that Staff could run calculations to narrow down the 30-year average for the Commission.

Vice Chairman Miller asked to confirm if the month of September is the end of the water year.

Mr. Turkett confirmed it to be correct.

Vice Chairman Miller asked if the Upper Basin was able to catch some of the recent snowmelt from the Dakotas.

Mr. Turkett replied that the Colorado area received an inch pickup from the snowmelt, which is an excellent start of the water year.

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 may be taken.)

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

Mr. Todd Farlow of 240 North 19th Street, Las Vegas, Nevada 89101 addressed the Commission. Mr. Farlow commented that Nebraska could be a good source of water, and handed to Vice Chairman Miller a newspaper article regarding the predicted flooding along the South Platte River. A copy is attached and made as a part of the minutes. (See Attachment B.)

J. Comments and questions from the Commission members.

Vice Chairman Miller 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 Commission Meeting was tentatively scheduled for 1:00 p.m. on Tuesday, November 12, 2013, at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4401, Las Vegas, Nevada.

L. Adjournment.

The meeting adjourned at 1:52 p.m.

Jayne Harkins, P.E., Executive Director

APPROVED:

George F. Ogilvie III, Chairman