

The meeting was held at 1:00 p.m. on Tuesday, February 8, 2011, at the Clark County Commission Chambers, 500 South Grand Central Parkway, Las Vegas, Nevada.

**COMMISSIONERS IN ATTENDANCE**

Chairman	George F. Ogilvie III
Vice Chairwoman	Marybel Batjer
Commissioner	Duncan R. McCoy
Commissioner	Lois Tarkanian

**COMMISSIONERS NOT IN ATTENDANCE**

Commissioner	Mark Amodei
Commissioner	Tom Collins
Commissioner	Berlyn D. Miller

**DEPUTY ATTORNEYS GENERAL**

Senior Deputy Attorney General	Ann C. Pongracz
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**COMMISSION STAFF IN ATTENDANCE**

Deputy Executive Director	James D. Salo
Chief, Finance and Administration	Douglas N. Beatty
Manager, Energy Services	Gail A. Bates
Assistant Director of Engineering and Operations	Robert Reese
Manager, Hydropower Program	Craig N. Pyper
Assistant Hydropower Program Manager	Lisa M. Ray
Hydropower Program Specialist	Michael S. Harris
Manager, Natural Resources Group	McClain L. Peterson
Natural Resource Analyst	Jason Thiriot
Senior Energy Accountant	Gail L. Benton
Senior Energy Accountant	Richard M. Sanders
Energy Accountant	Kalora E. Snyder
Office Manager	Judy K. Atwood
Administrative Assistant III	Janet L. Nuszbaum
Administrative Assistant II	Donna Banks

**OTHERS PRESENT; REPRESENTING**

American Pacific Corporation	Jack Stonehocker
Consultant	Sara A. Price, Esq.
Office of the Governor	Terri Janison
Overton Power District No. 5	Mendis Cooper
Overton Power District No. 5	Delmar Leatham

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

**INDEX**

<b><u>Agenda Item</u></b>	<b><u>Subject</u></b>	<b><u>Page No.</u></b>
A.	Conformance to Open Meeting Law.....	1
B.	Approval of minutes of the January 11, 2011 meeting.....	1
C.	Consideration of and possible action to approve (1) a Network Integration Transmission Service Agreement, (2) a Distribution Only Service Agreement, and (3) a Transmission Reduction Plan between the City of Henderson, Nevada Power Company d/b/a NV Energy, and the Commission.....	1
D.	Consideration of and possible action to approve Amendment No. 4 to a contract for legal services of an independent contractor with Sara A. Price, Esq. ....	2
E.	Status update on the hydrologic conditions, drought, and climate of the Colorado River Basin, Nevada’s consumptive use of the Colorado River water, and other developments on the Colorado River.....	5
F.	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.).....	5
G.	Comments and questions from the Commission members.....	5
H.	Selection of the next possible meeting date.....	6
I.	Adjournment.....	6

The Colorado River Commission meeting was called to order by Chairman Ogilvie at 1:15 p.m. followed by the pledge of allegiance.

**A. Conformance to Open Meeting Law.**

Deputy Executive Director Jim Salo confirmed that the meeting was in compliance with the Open Meeting Law.

**B. Approval of minutes of the January 11, 2011 meeting.**

**Vice Chairwoman Marybel Batjer moved for approval of the minutes of the January 11, 2011 meeting as written. The motion was seconded by Commissioner McCoy and approved by a unanimous vote.**

**C. Consideration of and possible action to approve: (1) a Network Integration Transmission Service Agreement, (2) a Distribution Only Service Agreement, and (3) a Transmission Reduction Plan between the City of Henderson, Nevada Power Company d/b/a NV Energy, and the Commission.**

Gail A. Bates, Manager, Energy Services, reported that the Commission currently provides electrical service to meet the majority of the Southern Nevada Water Authority's water pumping needs, approximately 50% of the Las Vegas Valley Water District's pumping needs, and a substantial portion of the City of Las Vegas' wastewater treatment needs in accordance with the authority granted to the Commission by the Nevada Legislature in 2001 by NRS 538.181. The City of Henderson has requested that the Commission provide electric service to meet approximately 10 MW of load associated with its water pumping and wastewater treatment facilities. The subject agreements, which govern the use of NV Energy's transmission and distribution delivery systems by retail customers, are required in order for the Commission to provide service to Henderson. Staff recommended that the Commission approve the agreements and authorize the Executive Director to sign them on behalf of the Commission.

Chairman Ogilvie stated he understood that the fees associated with this agreement are set by tariff. Ms. Bates stated that that is correct. Under the transmission agreement, the fees are set by the Federal Energy Regulatory Commission, and with under the distribution agreement, the fees are set by the Public Utilities Commission of Nevada. Chairman Ogilvie asked if there were any other financial impacts to the City of Henderson or to the Colorado River Commission. Ms. Bates replied that there were not.

**Vice Chairwoman Marybel Batjer moved for approval of the Network Integration Transmission Service Agreement, the Distribution Only Service Agreement, and the Transmission Reduction Plan between the City of Henderson, Nevada Power Company d/b/a NV Energy, and the Commission. The motion was seconded by Commissioner McCoy and approved by a unanimous vote.**

**D. Consideration of and possible action to approve Amendment No. 4 to a contract for legal services of an independent contractor with Sara A. Price, Esq.**

James Salo, Deputy Executive Director, reported that since 2005, the Commission has utilized Ms. Price as a special consultant on matters concerning the Lower Colorado River Multi-Species Conservation Program and related environmental and water matters, as directed by the Executive Director. This is an area of legal specialization not available to the Commission through the Attorney General's Office. Mr. Salo added that Ms. Price was in the room in case there were any questions for her.

Mr. Salo stated that Ms. Price was previously an employee of the Nevada Attorney General's office as a Deputy Attorney General, assigned to work with the Colorado River Commission for a number of years. In that capacity, she was an instrumental asset for the Colorado River Commission in the environmental and water arenas. She particularly focused on the then planned and now in the process of being implemented Multi State Conservation Program for the Colorado River system. She was a key player in the development of that MSCP plan and has in more recent years been a key player on our behalf in helping to oversee and monitor the implementation of the agreement. She also worked on related agreements, including a water agreement that was separately negotiated for approximately seven years. Sara's value to us is largely based upon her experience both during her time as an assignment Deputy Attorney General to the Colorado River Commission and since then under this contract.

Negotiations of river issues in the Colorado system are extremely complex. They take many years, sometimes decades, and involve multiple states, almost always the federal government, sometimes Indian tribes, sometimes even the country of Mexico that has obviously an interest in the river under its treaty. In that context, Sara developed over the years, a respect for and knowledge of all of the players so to speak up and down the river that have interests in this program. The Multi Species Program focuses on the lower basin, but the concept is the same. She knows the players, she knows who is important, she knows how they respond to things, what their interests are, and how they react to various kinds of shifts in the activities along the river. Obviously she also brings her substantive knowledge of the law and related policies to the table as well. In addition to her personal connections and working on the implementation program, Sara has developed and maintained very close relationships with a number of the decision-makers in the federal government, and in the agencies with responsibilities along the river.

We generally know, since we interact with our counterparts up and down the river, who is offering knowledgeable environmental and water related legal services to all of the interested parties up and down the river. Although we obviously do not have access to the specifics of their compensation, we generally have a sense as to what many of those other attorneys are being paid. Frankly, if anything, the hourly rate we are paying to Ms. Price is a bargain compared to what many of her counterparts charge their respective clients.

As you know from previous presentations, the MSCP program is a \$626 million project that stretches out over 50 years. It is a major commitment. Of course not all of that money is coming from Nevada. Costs are shared between the three lower basin states and the federal government, the federal government taking, as I recall, half and the rest is split up proportionately among the three

states. That said, it is still a major commitment not only in financial resources, but all of our other time and effort focused in that direction to make it work.

As is the case with other contracts that we have with consultants, this contract is designed in such a way the Executive Director maintains administrative control over the contract. What I mean by that is that the Director assigns tasks to the consultant. The Director tells the consultant when, in this case, she should address a particular issue, research something for us, prepare a document, whatever may be. It is not a situation where the contractor herself can spin the meter so to speak on her own initiative and cause us to incur expenses.

Ms. Price worked with us in-house for many years, even though she was technically an employee of the Attorney General. She knows the Commission, she knows its history, she knows the responsibilities and the powers of the agency, she knows its practices, she knows its customers, knows its personnel, and knows its culture. This makes her particularly valuable to us. So when we call her to address a task, we can pretty much just say, "please handle this". There is no learning curve. She does not have to come up to speed and learn who we are, what we are, how we are organized, or what our powers are, that type of thing. That is all part of her base knowledge that she brings to the table.

Mr. Caan's philosophy, not only with Sara, but other similar contracts over the years, has reflected the reality that because of the nature of what we do; we do have the need for specialized expertise. Not only legal expertise, but sometimes additional expertise, and it usually is not cost effective to bring that in-house as a full-time employee over the long haul if that type of expertise is only occasionally needed. I offer a simple example in a different context. Just during the time I have been with the agency, we have had a couple of our customers get involved with bankruptcy situations. One way to address that would be to have an in-house bankruptcy lawyer. But if we only deal with bankruptcy once a decade, it hardly makes sense to have an experienced bankruptcy lawyer full time, so we have in fact in the past retained outside bankruptcy counsel when the need arose.

Now if we could just get quickly to the simple amendment that is before you, there are two basic elements of the amendment that you are asked to approve. Amendment No. 4 extends the termination date of the contract to June 30, 2013; and authorizes the Commission's Executive Director to approve future hourly rate changes provided that the rate increase is not more than ten (10) percent higher than the one in effect today, no more than one such increase can be approved per year, and the total amount paid is less than the maximum aggregate cost of services approved by the Board of Examiners. No increase in the hourly rate or the total amount of the contract is being requested today.

Lastly, Mr. Salo mentioned that Mr. Beatty holds some of the accounting records for this contract. He asked Mr. Beatty to briefly summarize for the Commission how much money we have expended under this contract in the recent years.

Douglas Beatty, Chief, Finance and Administration, stated that the original contract was for a two year period at \$125,000. We have had two contract amendments, adding \$250,000 each time, so that the grand total authorized under this contract is \$625,000. To date we have expended \$194,000, so there still remains about \$430,000 unused authorization. Let me just point out, though, that the details of the contract provide that she can only bill up to \$125,000 in any one year, so while you

look at it and say well there's \$430,000 remaining, that is not really true. Only year by year can she bill up to \$125,000. So what this \$430,000 cap will allow us to do is to extend the contract period and not have to increase the overall amount. In general, so far this year and the year will be up for this particular contract in April, so far she has been paid only \$9,000.

Chairman Ogilvie asked Mr. Beatty if the \$194,000 that has been expended under this contract, is over the six year life of the contract and the amendments. Mr. Beatty replied that was correct.

Mr. Salo briefly added that it was his understanding that the amount expended under this contract has generally been trending downwards.

Mr. Salo said that, of course, with all of these contracts they're entitled to be reimbursed for travel expenses and similar expenses that are associated with their work.

Chairman Ogilvie had one comment and one related question. He stated that to his knowledge, there isn't anyone available in southern Nevada that has the knowledge or experience or the relationships that you've discussed that could even come close to comparing to Ms. Price. Is that your understanding?

Mr. Salo stated that we agree.

Commissioner McCoy commended the Staff on an excellent presentation and added that there has been some criticism in the press about the contract attorneys recently and you did a fine job of explaining what the value, background, and experience is, and you did a fine job of explaining the difference between maximum allowable and what's actually been billed. So, thank you very much for an excellent presentation.

Mr. Salo thanked Commissioner McCoy.

Commissioner Tarkanian asked if this was for a period of two years and the salary can't be higher than \$125,000 a year.

Mr. Beatty stated that actually all of the reimbursements can't be higher than \$125,000 so that would be both her labor costs and whatever travel we have her do, with reimbursables, so the grand total cannot exceed \$125,000.

Commissioner Tarkanian asked if she were given a 10%...by the way, I think her work is excellent...I'm just doing this because I think it's important that we scrutinize everything. If she got a 10% raise say next year, she could get another 10% raise the following year, without coming to the Commission for a vote is what I'm saying.

Mr. Beatty stated that the 10% that's in the contract would just allow her hourly rate to be increased by 10%, but would not affect the \$125,000 maximum. It just means she could burn that \$125,000 quicker, if you see what I'm saying, but it does not...

Chairman Ogilvie stated "or that \$9,000" quicker.

Commissioner Tarkanian added that so basically she has fallen beneath what we (or maybe the Commission before) have set, and so we feel that this pattern will continue and we don't need to worry about...

Mr. Beatty added that Sara is very efficient. Mr. Caan has used her on very key issues. This has not been a contract that has been used in excess by any stretch.

Commissioner Tarkanian said that she asks these questions to clarify it for the public too so they understand.

Chairman Ogilvie asked if there were any other questions or comments. With none, he stated he would entertain a motion.

**Commissioner McCoy moved for approval of Amendment No. 4 to the contract for legal services of Sara A. Price, Esq. The motion was seconded by Vice Chairwoman Batjer and approved by a unanimous vote.**

**E. 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.**

McClain L. Peterson, Manager, Natural Resources Group provided a report on the following:

- Storage Conditions on the Colorado River
- Unregulated Inflow into Lake Powell
- Precipitation in the Colorado River Basin
- Lake Mead Elevation Projections
- U.S. Climate Conditions
- Seasonal Drought Outlook
- Record of Precipitation - Las Vegas Valley
- Southern Nevada Consumptive Use of Colorado River Water

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

**F. 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.

**G Comments and questions from the Commission members.**

Chairman Ogilvie asked if there were any comments or questions from the Commission members. The Chairman noted that Executive Director George Caan announced his resignation from the Commission effective in March. Commission members commended Mr. Caan on his

excellent service and recognized Staff for their efficient work.

Chairman Ogilvie added that George has accepted a position with the Washington Public Utilities District Association in Olympia, Washington. George has been with the CRC for 15 years and will be greatly missed. He made this organization run very efficiently and hired extremely qualified staff; so it will be difficult to replace him.

Chairman Ogilvie stated that while he has been on the Commission, especially during the past 18 months when he has been the Chairman, he has observed that the management of the various divisions of the CRC – Bob, Gail, McClain, Jim and Doug – makes this organization. He fully believes that, while it will be impossible to replace George, we will move forward with the structure that he has set in place and with the people that he has put in place. His legacy will be the fact that we will be able to move forward essentially seamlessly, and that will be a tribute to him.

George indicated to Chairman Ogilvie that he had prior commitments on Commission business in Arizona; otherwise he would have been here himself today and would have had some words to say about this. His resignation is not effective until the end of March, so he will be with us at the March meeting and I'm sure he will have some things that he would like to address to everyone. In any event, it is now imposed upon the Commission the responsibility for recruiting and selecting his successor, a process which has begun. A more refined job description is being developed than existed 15 years ago, at the time that George was hired. So that is the first task. George has been asked to help with that, so we will start with a recruitment process after we have developed that job description, and George will assist us with that as well. Again, he will be sorely missed, but I fully believe that his legacy will be the efficiency of the organization going forward.

<b>H. Selection of the next possible meeting date.</b>
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The next meeting is tentatively scheduled for 1:00 p.m. on Tuesday, March 8, 2011, at the Clark County Government Center in the Commission Chambers.

<b>I. Adjournment</b>
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The meeting adjourned at 2:00 p.m.

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James D. Salo, Deputy Executive Director

APPROVED:

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George F. Ogilvie III, Chairman