

BEFORE THE
COLORADO RIVER COMMISSION OF NEVADA

In the Matter Of:

**ALLOCATION OF SALT LAKE CITY AREA
INTEGRATED PROJECTS (SLCAIP)
HYDROPOWER POST 2024**

ORDER

At the regular monthly meeting of the Colorado River Commission of Nevada (“Commission”) held on February 12, 2019, a public hearing was held on the allocation of Salt Lake City Area Integrated Projects (SLCAIP) Hydropower Post 2024:

PRESENT: Chairwoman Puoy K. Premssirut
Vice Chairwoman Kara J. Kelley
Commissioner James B. Gibson
Commissioner Marilyn Kirkpatrick
Commissioner John F. Marz
Commissioner Dan H. Stewart
Commissioner Cody T. Winterton

Deputy Executive Director Eric P. Witkoski

INTRODUCTION

The Commission represents and acts for the State of Nevada in the negotiation and execution of contracts with Western Area Power Administration (WAPA) for the purchase of hydropower from federal generation facilities. See NRS 538.161. WAPA markets and transmits SLCAIP hydroelectric power pursuant to, *inter alia*, the Reclamation Project Act of August 4, 1939 (53 Stat. 1187). These federal generation facilities are operated by the United States Bureau of Reclamation (Reclamation). This Order involves the Federal hydroelectric facilities known as the Collbran Project, Rio Grande Project, and the Colorado River Storage Project. WAPA refers to the collection

of these Federal hydroelectric facilities as the Salt Lake City Area Integrated Projects (SLCAIP).

The Commission as part of its negotiations, execution and allocation of the hydropower contracts looks to achieve “the greatest possible benefit to this state.” NRS 538.161 and 538.181. Here, the Commission received four applications for the Post 2024 SLCAIP hydropower from the City of Boulder City (BC), the City of Las Vegas (CLV), Overton Power District No. 5 (OPD) and Valley Electric Association, Inc. (VEA). On December 6, 2018, the CLV withdrew its application.

Following is a summary of the allocations the Commission herein orders to each of the applicants:

Applicants	Summer		Winter	
	Capacity kW	Energy kWh	Capacity kW	Energy kWh
City of Boulder City	5,537	10,075,242	7,279	13,347,215
Overton Power District No. 5	6,279	11,427,163	8,256	15,138,176
Valley Electric Association, Inc.	9,035	16,442,095	11,879	21,781,728
Total:	20,851	37,944,500	27,414	50,267,119

FINDINGS OF FACT

1. On February 12, 2019 and September 11, 2018, public hearings were held in the above-entitled matter in compliance with the provisions of the Nevada Open Meeting Law, Chapter 538 of the Nevada Revised Statutes (NRS) and Chapter 538 of the Nevada Administrative Code (NAC).

2. The Commission represents and acts for the State of Nevada in the negotiation and execution of contracts for the purchase of hydropower from federal generation facilities for the greatest possible benefit to this state pursuant to NRS 538.166, NRS 538.181 and NAC Chapter 538.
3. The United States Bureau of Reclamation (Reclamation) owns and operates certain Federal hydroelectric facilities known as the Collbran Project, Rio Grande Project, and the Colorado River Storage Project.
4. The Western Area Power Administration (WAPA) markets the hydropower generated at Reclamation's facilities and refers to the hydroelectric facilities of the Collbran Project, Rio Grande Project, and the Colorado River Storage Project collectively as the Salt Lake City Area Integrated Projects (SLCAIP.)
5. The Commission has the authority to hold and administer Nevada's rights to distribution of SLCAIP power and to represent and act for the state of Nevada in contracting for such power pursuant to NRS 538.166, NRS 538.181 and NAC Chapter 538.
6. The Commission has an existing contract with WAPA for SLCAIP hydroelectric power which will expire on September 30, 2024. Under this contract, the Commission is allocated:
 - a. Capacity
 - i. Winter Season 27,414 kW
 - ii. Summer Season 20,851 kW
 - b. Energy
 - i. Winter Season 50,267,119 kWh
 - ii. Summer Season 37,944,500 kWh

7. The Commission has three existing Renewal Contracts with Nevada contractors, BC, OPD and VEA which will also expire on September 30, 2024.
8. In 1993, the Nevada legislature passed an amendment to NRS 538.181 which granted a right of contract renewal to the Commission's customers who had a contract for the purchase of power from the Commission which was in effect on July 1, 1993. In 2004, the Commission executed Renewal Contracts with BC, OPD and VEA for delivery of SLCAIP power from October 1, 2004, through September 30, 2024, to satisfy the one – time right given in that statute.
9. In the November 29, 2016, Federal Register (81 FR 85946), WAPA announced its Final 2025 Salt Lake City Area Integrated Projects Marketing Plan which extended capacity and energy allocations to existing Contractors including the Commission and provided for establishing a new federal Firm Electric Service contract based upon the existing SLCAIP contract.
10. The post 2024 contract will be for deliveries of SLCAIP hydropower from October 1, 2024 to September 30, 2057.
11. The Commission is executing a contract with WAPA for post 2024 SLCAIP power for the same allocations of SLCAIP hydropower outlined in paragraph 6.
12. Concurrent with executing the Federal post 2024 contract, the Commission will enter into contracts with Nevada entities for post 2024 SLCAIP hydropower.
13. To that end, Commission Staff (Staff) prepared a draft Notice and Invitation to Apply for the allocation of SLCAIP Hydropower Post 2024 which included draft allocation criteria as well as a draft Application.

14. Staff noted that pursuant to NRS 704.787, existing contractors that receive a SLCAIP or a Boulder Canyon Project (BCP) – Schedule A or Schedule B allocation from the Commission would be eligible for a SLCAIP allocation as well as the Southern Nevada Water Authority and its member agencies, provided that the Southern Nevada Water Authority and/or its member agencies used the SLCAIP allocation for its water and wastewater operations.
15. On or about April 25, 2018, the Commission issued a Notice of a Public Meeting and Request for Comments on the draft Notice and Invitation to Apply, the draft allocation criteria and the draft Application. The Public Meeting was to be held on May 15, 2018 and written comments were due to the Commission by May 25, 2018.
16. The April 25, 2018 Notice included a copy of the draft documents and was sent to all current customers of the Commission, all individuals on the Commission's notification list and was placed on the Commission's website.
17. The Public Meeting was held on May 15, 2018. Staff gave a background presentation on SLCAIP hydropower, reviewed the draft documents and answered questions from the attendees.
18. On or before the May 25, 2018 deadline for written comments, the Commission received written comments from two of its customers, BC and OPD. Staff reviewed and considered the comments offered by its customers and revised the draft documents in response to some of the comments received.

19. On June 12, 2018, the Commission reviewed, considered and approved the Notice and Invitation to Apply for the allocation of Salt Lake City Area Integrated Projects (SLCAIP) Hydropower Post 2024, the allocation criteria and the Application.

20. The criteria for the post 2024 SLCAIP allocation as approved by the Commission was:

1. The award of resources to the Applicant will achieve the greatest possible benefit to the state including but not limited to:
 - a. Economic development, including but not limited to, job creation, development in, and/or support of, economically disadvantaged areas or rural communities.
 - b. Support of public entities (including but not limited to public entities engaged in natural resource management or reductions in expenses for a public entity.)
2. The award of resources to the Applicant will not place an undue administrative burden on the CRCNV.
3. The Applicant must be an entity that the CRCNV has the ability to serve under NRS 704.787.
4. If the Applicant is:
 - a. An electric utility, it must satisfy the requirements of NAC 538.410(5) which states that the electric utility must:
 - i. Have a load that:
 - 1) Has a peak demand of at least 8 megawatts; and
 - 2) Is located within Western's defined marketing area in this State for the Boulder Canyon Project, Parker-Davis Project or Southern Division of the Salt Lake City Area Integrated Projects; and
 - ii. Be qualified to receive preference power under the applicable provisions of federal law relating to preference power; or
 - b. An entity that is a qualified Applicant under NRS 704.787(b), the entity must certify that any power awarded will be used for its water and wastewater operations.
5. The Applicant must have sufficient load to fully utilize the allocated resource, in addition to existing hydropower resources contracted for with the CRCNV.
6. An Applicant requesting an allocation of SLCAIP resource must be able to accept a minimum SLCAIP schedule of 1 MW off-peak.
7. The Applicant must be willing to execute a Contract with the CRCNV in the Fall of 2018 for power deliveries beginning on October 1, 2024.

8. The Applicant must demonstrate, by June 1, 2024, that it will have all necessary transmission, scheduling and distribution arrangements in place prior to delivery.
 9. The Applicant must enter into a new contract, prior to June 1, 2024, with the CRCNV to take and pay for transmission service from Pinnacle Peak on the SLCAIP Transmission system, to one or more of the southern Nevada delivery points on the Parker-Davis Transmission system which currently include Amargosa Substation, Basic Substation, Boulder City Tap, Clark Tie, and Mead Substation.
 10. An Applicant utilizing continuous or backup transmission service over the Parker-Davis Project Southern Nevada Facilities, or an Applicant directly interconnected to the Parker-Davis Project Southern Nevada Facilities, must have an existing contract with the CRCNV or enter into a new contract with the CRCNV to take and pay for service over those facilities prior to June 1, 2024 for power deliveries beginning on October 1, 2024.
 11. The Applicant must be able to make its own, independent assessment of the need for the additional products offered under the SLCAIP Contract including Western Replacement Power (WRP) and Customer Displacement Power (CDP).
 12. The Applicant must be creditworthy and in compliance with its current Commission contracts and may be required to post collateral in accordance with and subject to any exceptions, conditions or exemptions in the CRCNV's statutes and regulations.
21. On June 14, 2018, the Commission issued the Notice and Invitation to Apply for the allocation of Salt Lake City Area Integrated Projects (SLCAIP) Hydropower Post 2024, the allocation criteria and the Application. Completed applications were due to the Commission by 5 PM PDT on July 16, 2018.
22. On or before the deadline, the following four (4) entities submitted Applications:
- City of Boulder City (BC);
 - City of Las Vegas (CLV);
 - Overton Power District No. 5 (OPD); and
 - Valley Electric Association, Inc. (VEA).
23. Staff evaluated each Application for completeness and creditworthiness, verified electric load data, and determined if the Application met the general eligibility

criteria. In developing its recommendations regarding the proposed allocations, Staff considered how an Applicant's use of the SLCAIP Hydropower would fulfill the Commission's Approved Criteria and provide the "greatest possible benefit to this state". Staff considered the statements provided by the Applicants in Section 3 of the Application identifying the benefit to the state from the Applicant's receipt of the allocated resource.

24. In its application, **City of Boulder City** requested for the Summer Season 5,537 kW of capacity and 9,278,621 kWh of energy and for the Winter Season 7,279 kW of capacity and 12,291,887 kWh of energy. Staff noted that BC had used energy numbers from a previous contract and revised the request to match BC's current SLCAIP energy allocation, namely 10,075,242 kWh of Summer energy and 13,347,215 kWh of Winter energy.

25. BC stated in its response to Section 3 that:

Receipt of a Post-2024 SLCAIP allocation is important to maintaining the stability of the Utility's operations which serves over 16,000 Nevadans, 580 local businesses and 61 federal, state and local government facilities. Among the CRC's hydropower customers, the City is one of the more effective users of these allocations to satisfy broad and significant public benefits to Nevadans and government. The CRC can confidently award a Post-2024 SLCAIP allocation to the City knowing from past performance that great "actual" (instead of just "possible") benefit will accrue to Nevada.

The availability of the SLCAIP allocation satisfies 14.5 percent of the resources the Utility deploys to provide electric service at reasonable rates with an emphasis on a renewable resource reliance. The Utility's ability to count on lower-cost clean hydropower for about 60 percent of the energy it sells, allows the City to support very meaningful low-income energy assistance ("LIEA") programs. The City has done so for over 40 years and in 2017 provided 65 percent of the non-profit electric utility LIEA in the entire state. Likewise, the lower-cost hydropower provided through allocations like that made by the SLCAIP buoy the Utilities very dynamic energy efficiency rebate programs that have been available for over 27 years.

The stable portfolio of lower cost hydropower used by the Utility also allows the City to entertain conservation and renewable energy initiatives through a net metering program, tiered rates and time of use metering. These initiatives permit the Utility to focus on encouraging wiser use of energy instead of allowing policies that generate higher demand to generate revenues. That these policy choices are working is shown by the fact that in the last five years while summer peak demand has increased by 0.8 percent annually, total energy consumption has decreased by 1.2 percent.

The loss of 14.5 percent of the lower-cost hydropower resources used to satisfy the Utility's needs, would force the City to increase market purchases to meet supply-side requirements. Even with the availability of lower-cost SLCAIP allocations, the Utility has raised rates by 21 percent in the last two years. A loss of the SLCAIP allocation in 2024 would conservatively translate to another rate increase of 2.7 percent alone just to replace this hydropower resource with market power. This rate increase would be additive to a 5 percent rate increase set for July 2019 and a 2.5 percent rate increase established for each July thereafter.

The City is focused on responsible growth and economic development plans. The core elements of this plan position the City as the Southern gateway to the region, with an emphasis on the transportation infrastructure benefits of the Interstate 1-11 corridor, the availability of significant real estate in the City's ownership for public-private partnerships, reliance on municipally-delivered renewable electricity at stable prices and a local economy independent of the casino-resort industry. Despite these efforts, the Utility's residential and commercial growth prospects are not expected to dramatically change, and accordingly new service connections is not the answer to the impact of a loss of the SLCAIP allocation. Moreover, a nearly 15 percent reduction in lower-cost SLCAIP resources will further complicate the City's efforts at economic development and diversification by making the cost of electricity more expensive to businesses or governments that might locate or expand in the municipality. Disrupting the Utility's hydropower allocations could have a material adverse impact on the City to the detriment of efforts to grow this region of the State of Nevada.

26. In its application, **City of Las Vegas** requested for the Summer Season 1,000 kW of capacity and 4,380,000 kWh of energy and for the Winter Season 2,000 kW of capacity and 8,760,000 kWh of energy. Staff noted that CLV has not previously had a SLCAIP allocation and further noted that CLV was requesting an amount of

energy that would equate to a 100% capacity factor¹ which is not consistent with either the Commission's Federal SLCAIP allocation or the allocations of the Commission's other customers. Using CLV load data, staff calculated an appropriate level of capacity within CLV loads and resources, as well as what could be scheduled and delivered with minimum administrative burden. Thereafter, Staff revised the request to the appropriate capacity factor (41- 42%), whereby the capacity requested was modified and the energy requested was decreased, namely for the Summer season 1,500 kW of capacity and 2,729,689 kWh of energy and for the Winter Season 1,972 kW of capacity and 3,616,166 kWh of energy.

27. CLV stated in its response to Section 3 that:

Since 2009, the City of Las Vegas' renewable energy program has met the goal of providing the greatest possible benefit to the state through economic development through direct job creation, environmental protection through the use of clean power, and reductions in wastewater treatment expenses for the City of Las Vegas. For a municipal government, the City has consistently led the region in renewable energy production and greenhouse gas mitigation through solar energy production. In December 2016, the City announced that through a Renewable Energy Agreement with NV Energy, it receives 100 percent of the energy it needs from renewable sources for its retail load, most coming from Boulder Solar, a solar facility near Boulder City, Nevada, in addition to the City's solar installations at forty city buildings and facilities, parks, fire stations and community centers and a three megawatt solar plant at the city's Water Pollution Control Facility provides power for wastewater treatment. In addition, the City receives Hoover Schedule A and D hydropower allocations through the Commission and WAPA.

Together, this renewable energy generated and received contributes toward City Council's net-zero energy goals enumerated in the 2017 Resolution on Community Resilience, Net-Zero Energy and Sustainability (R-32-2017). The power reduces energy consumed from non-renewable source, emissions, and annual utility expenses by \$5 million, and the City similarly

¹ The capacity factor is defined as the ratio of the total actual energy supplied over a definite period, to the energy that would be produced if the plant (generating unit) was operating continuously at the maximum output.

believes SLCAIP hydropower will further reinforce and support the City's strategy at its wastewater treatment facilities while meeting the State and Commission's goal to provide the maximum benefit possible to the state's southern region. In order to optimize facility performance and operation, this hydropower will contribute to a long-term reduction of annual electric expenses by while increasing the share of cheaper green power used for these facilities.

The City of Las Vegas respectfully requests the Commission's consideration of this application in an effort to build a resilient, sustainable, and diverse community and economy for Southern Nevadans.

28. In its application, **Overton Power District No. 5** requested for the Summer Season 6,593 kW of capacity and 14,563,065 kWh of energy and for the Winter Season 8,669 kW of capacity and 19,292,475 kWh of energy. Staff noted that OPD has a current SLCAIP contract and that the requested amounts were an increase to OPD's current allocation.

29. OPD stated in its response to Section 3 that:

Overton Power District No. 5 was formed by the State of Nevada in 1935 as a non-profit quasi-municipal special improvement district. The District's service territory is approximately 2,000 sq. miles and encompasses the northeast quadrant of Clark County Nevada which includes the City of Mesquite, and the unincorporated towns of Bunkerville, Logandale, Moapa, and Overton. The District also serves the Moapa Band of Paiutes, Valley of Fire State Park, and the northeast portion of Lake Mead Recreational Area. The District has procured hydro power contracts through the Colorado River Commission for more than 80 years. These contracts help provide energy to a variety of rural Nevadans including resorts, mining, residential, manufacturing, agricultural, water districts, school districts, State and Federal agencies, and other retail customers. The District provides service to many retired and fixed income customers who rely on affordable power. The current SLCAIP allotment allows us the opportunity to blend the low cost of hydro with our other resources to keep our rates under the state average per kilowatt hour cost. Any reduction in our current SLCAIP allotment could be detrimental to Nevada's rural residents, businesses, and recreational visitors.

30. In its application, **Valley Electric Association, Inc.** requested that all of the Commission's SLCAIP capacity and energy be allocated to it. Staff noted that VEA has a current SLCAIP contract and that the requested amounts would be a substantial increase to VEA's current allocation.

31. VEA stated in its response to Section 3 that:

The allocation of the requested resources to Valley Electric Association, Inc. (VEA) will achieve the greatest possible benefit to the state for the following reasons:

- This economical, reliable renewable power resource, if granted to Valley Electric Association, would take the place of less affordable and environmentally friendly resources and goes further in serving consumers in need than anywhere else in Nevada. In fact, it would be difficult to imagine a better source for the allocation of resources than VEA.
- More than 90 percent of the consumers of VEA power reside in Nye County, which is among the more economically depressed counties in the state.
- According to recent census data, the median income for a household in Nye County is \$41,000 and the median family income is \$50,000. By comparison, the median household income statewide is \$55,750, and the median family income is approximately \$64,500.
- Only two of Nevada's 17 counties rank below Nye, and one of them (Esmeralda) also is in the VEA service territory.
- Nye County fares a little better nationally, but not much. In the United States, the median household income is about \$52,000, and family income is \$63,000.
- As a result, energy expenses take up a far greater percentage of household income of residents of Nye County than households elsewhere in the state.
- Affordable hydropower has contributed to more than a 20% increase in VEA's load since 2010 and it will help drive a projected annual average load growth of 11 percent through 2034.
- The allocated hydropower resources will help VEA to continue to directly contribute to the economy of Nye County, which it has been doing by increasing employment by more than 100% since the depths of the last recession.
- The additional hydropower will help VEA continue to invest in the technological infrastructure needed for the 21st century such as bringing high speed fiber optic internet communication services to rural Nevada homes, schools and businesses.

- It will also help VEA continue to make investments in Nevada's future such as electricity storage, electric vehicle charging stations and community solar generation.
- It will help VEA continue its Lighthouse Assistance Program, providing up to \$200 for low income senior members in having difficulty paying their electric bill.
- This resource also helps make the renewable energy we take from the Community Solar Project (15 MW photovoltaic generator located in Pahrump, NV) viable by shaping and firming it.
- Finally, it will also help VEA continue a decade-long tradition of awarding hard - working students with currently in excess of \$10,000 in academic, vocational / technical, and continuing education scholarships to assist members and their families as well as help continue VEA's successful energy saving solar water heater & irrigation efficiency pump testing programs.

VEA is always searching for additional renewable power resources at affordable rates, not because it serves the interests of investors but because it directly benefits our members, who are also our owners. If allocated to VEA, these resources will provide the greatest possible benefit to Nevada by keeping more money, jobs and investments for the future in the state economy.

The loss of our existing reliable, affordable and renewable SLCAIP hydropower allocation would impact VEA's ability to provide the aforementioned benefits (see above), to the detriment of the state. If these resources are not allocated to VEA, it will diminish our ability to maintain rate stability and keep more money, jobs and investments for the future in the state economy. More explicitly:

- It will diminish our ability to provide reliable, affordable and environmentally friendly electricity to consumers in need in one of the most economically depressed areas of Nevada.
- It will diminish our ability to make further investment, in the technological infrastructure needed for the 21st century such as bringing high speed fiber optic internet communication services to rural Nevada homes, schools and businesses.
- It will diminish our ability to make further investments in Nevada's future such as electricity storage, electric vehicle charging stations and community solar generation.
- It will diminish our ability to maintain or increase our current employment levels.
- It will diminish our ability to provide assistance to low income members experiencing difficulty paying their electric bill as well as diminish our ability to provide energy efficiency programs.

32. Staff performed analyses and reviewed various scenarios to look for a reasonable allocation that provided the best possible benefit for the state.
33. Staff looked at the total hydropower allocations of all applicants, including hydropower from the Boulder Canyon Project and the Parker-Davis Project.
34. Staff noted that an allocation to the CLV would require a reduction of approximately 7.2% (.0719) in the current SLCAIP allocations held by BC, OPD and VEA.
35. Staff further noted that a small allocation to the CLV would expand the benefits of SLCAIP hydropower to CLV and would help further its renewable energy goals.
36. On July 24, 2018, Staff provided a draft copy of a proposed SLCAIP Allocation Order to all applicants and requested written comment on the draft by August 14, 2018.
37. The July 24, 2018 proposed Order contained an allotment of SLCAIP hydropower to CLV and small reductions to the current allocations held by BC, OPD and VEA.
38. The Commission received one written comment on the Draft Order from VEA who supported the proposed allocation.
39. The Commission conducted a public hearing on September 11, 2018 at which Staff provided testimony.
40. The Commission did not reach a decision on the allocation at the September 11, 2018 public hearing.
41. On December 6, 2018, the CLV delivered Notice to the Commission that it was withdrawing its previously submitted application and would not be seeking an allocation of SLCAIP hydropower.
42. Staff noted that with the withdrawal of the CLV, the three current SLCAIP allottees were the only remaining applicants.

43. The Commission conducted a second public hearing on February 12, 2019 at which Staff, and _____ provided testimony.
44. The Commission found the oral testimony and the written statements contained in each Application compelling.
45. The Commission further determined that BC, OPD and VEA should each receive an allocation of the SLCAIP hydropower.
46. The Commission further found that it was in the best interest of the state to maintain BC's, OPD's and VEA's respective current SLCAIP allocations for the post-2024 period.

CONCLUSIONS OF LAW

1. The Commission has the authority through NRS and NAC Chapters 538 to allocate hydropower resources.
2. An allocation of the SLCAIP hydropower resources to the three remaining applicants provides the greatest possible benefit to the state.

ORDER

CAUSE APPEARING THEREFORE:

IT IS HEREBY ORDERED that:

1. The Salt Lake City Area Integrated Projects (SLCAIP) Hydropower Post 2024 is hereby allocated as follows:

	Summer		Winter	
	Capacity	Energy	Capacity	Energy
Applicants	kW	kWh	kW	kWh
City of Boulder City	5,537	10,075,242	7,279	13,347,215
Overton Power District No. 5	6,279	11,427,163	8,256	15,138,176
Valley Electric Association, Inc.	9,035	16,442,095	11,879	21,781,728
Total:	20,851	37,944,500	27,414	50,267,119

2. Upon execution of this Order, Staff will cause to be published the notice required by NRS 538.181(4) and NAC 538.455(10).
3. Applicants who have received an allocation of SLCAIP hydropower must execute contracts within sixty (60) days of the date of the formal offer from the Executive Director of the allocated resource. Formal offers are sent following the publication required in paragraph 2, supra.

Dated this _____ day of February 2019.

BY THE COMMISSION:

 PUOY K. PREMSRIRUT
 CHAIRWOMAN