

The meeting was held at 1:00 p.m. on Tuesday, September 14, 2010, at the Clark County Commission Chambers, 500 South Grand Central Parkway, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairman	George F. Ogilvie III
Commissioner	Tom Collins
Commissioner	Duncan R. McCoy
Commissioner	Berlyn D. Miller
Commissioner	Lois Tarkanian

COMMISSIONERS IN ATTENDANCE VIA TELECONFERENCE

Vice Chairwoman	Marybel Batjer
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COMMISSIONERS NOT IN ATTENDANCE

Commissioner	Mark Amodei
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DEPUTY ATTORNEYS GENERAL

Senior Deputy Attorney General	Jennifer T. Crandell
Senior Deputy Attorney General	Ann C. Pongracz

COMMISSION STAFF IN ATTENDANCE

Executive Director	George M. Caan
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
Hydropower Program Specialist	Michael S. Harris
Manager, Natural Resources Group	McClain L. Peterson
Natural Resource Analyst	Nicole Everett
Natural Resource Analyst	Jason Thiriot
Senior Energy Accountant	Gail L. Benton
Energy Accountant	Kalora E. Snyder
Office Manager	Judy K. Atwood
Administrative Assistant IV	Brenda Haymore
Administrative Assistant III	Janet L. Nuszbaum

OTHERS PRESENT; REPRESENTING

Consultant
Overton Power District No. 5
Overton Power District No. 5
Southern Nevada Water Authority

Sara A. Price, Esq.
Mendis Cooper
Delmar Leatham
Scott Krantz

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF SEPTEMBER 14, 2010**

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The Colorado River Commission meeting was called to order by Chairman Ogilvie at 1:08 p.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

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

B. Approval of minutes of the May 11, 2010 meeting.

Commissioner Tarkanian moved for approval of the minutes of the May 11, 2010 meeting as written. The motion was seconded by Commissioner Miller and approved by a unanimous vote of those present. Commissioner Collins was not present for the vote.

C. Consideration of and possible action to approve Amendment No. 1 to Contract No. CRCPDP-204 with Central Electric Manufacturing Company a/k/a AZZ/Central Electric Manufacturing Company for the procurement of relay panels and control building materials for the Clark County Water Reclamation District Electric Facilities Project.

Assistant Director of Engineering and Operations Robert Reese reported that at the June 9, 2009 meeting, the Commission approved Contract No. CRCPDP-200 between the Commission and the Clark County Water Reclamation District (CCWRD) to provide for the design, purchase of materials, and construction of three CCWRD-owned substations and medium voltage distribution facilities to be located at the CCWRD Central Plant and Advanced Water Treatment facilities.

At its April 13, 2010 meeting, the Commission approved Contract No. CRCPDP-204 between the Commission and Central Electric Manufacturing Company a/k/a AZZ/Central Electric Manufacturing Company (AZZ) that provides for the procurement of relay panels for the three substations and a control building with associated equipment for the Rochelle Substation.

Subsequent to the Commission's approval of Contract No. CRCPDP-204, the Commission learned that a required design change necessitates the installation of an additional communications control panel for the Rochelle Substation. The cost of this additional control panel is approximately \$60,000.00.

The purpose of this amendment is to make funds available for AZZ to obtain the control panel required by the design change. CCWRD, the customer for whom this work is being performed, supports approval of this amendment. The additional funds requested in this amendment are well within the funds already allocated by CCWRD for this project.

Staff recommended the Commission approve Amendment No. 1 to Contract No. CRCPDP-204 with AZZ an additional \$60,000.00, to a new not-to-exceed amount of \$371,717.50, which includes a 10 percent contingency for quantity adjustments and change orders.

Commissioner Miller moved for approval of Amendment No. 1 to Contract No. CRCPDP-204. The motion was seconded by Commissioner McCoy and approved by a unanimous vote of those present. Commissioner Collins was not present for the vote.

D. Consideration of and possible action to approve Amendment No. 1 to Contract No. CRCPDP-205 with Martin-Harris Enterprises Inc. dba Martin-Harris Construction for substation construction for the Clark County Water Reclamation District Electric Facilities Project.

Assistant Director of Engineering and Operations Robert Reese provided the following information to the Commissioners.

At its June 9, 2009 meeting, the Commission approved Contract No. CRCPDP-200 between the Commission and the Clark County Water Reclamation District (CCWRD) to provide for the design, purchase of materials, and construction of three CCWRD-owned substations and medium voltage distribution facilities to be located at the CCWRD Central Plant and Advanced Water Treatment facilities.

At its January 12, 2010 meeting, the Commission approved Contract No. CRCPDP-205 between the Commission and Martin-Harris for construction of three 69/12.47-kV substations and associated 15-kV underground feeders required to comply with the Commission's obligations under Contract No. CRCPDP-200.

Subsequent to the Commission's approval of Contract No. CRCPDP-205, Commission staff learned that a required design change will require the Commission to reconfigure a 69-kV substation, add a 12-kV distribution circuit, and re-process four transformers. The cost of this additional work is approximately \$450,000.00.

The purpose of this amendment is to make funds available for Martin-Harris to perform the additional work required due to the required design change. CCWRD, the customer for whom this work is being performed, supports approval of this amendment. The additional funds requested in Amendment No. 1 are well within the funds already allocated by CCWRD for this project.

Staff recommended the Commission approve Amendment No. 1 to Contract No. CRCPDP-205 with Martin-Harris providing an additional \$450,000.00, to a not-to-exceed amount of \$5,672,672.50, which includes a 10 percent contingency for quantity adjustments and change orders.

Commissioner McCoy moved for approval of Amendment No. 1 to Contract No. CRCPDP-205. The motion was seconded by Commissioner Tarkanian and approved by a unanimous vote.

E. Consideration of and possible action to approve a Letter Agreement with the Western Area Power Administration (Western) to prepare a cost estimate and schedule for transferring certain Commission customer loads into Western's balancing area.

Craig Pyper, Hydropower Program Manager, and Gail Bates, Energy Services Manager, provided the Commission with a briefing on the Transfer of Balancing Authority and Ancillary Services to the Western Area Power Administration, a copy of which is attached and made a part of the minutes. (See Attachment A.)

Mr. Pyper said that most of the Commission customer loads reside today in the NVEnergy balancing area, and the Commission's customers pay NVEnergy to supply certain ancillary services which support the operation of the electric transmission system. Staff is considering whether the Commission should transfer certain customer loads into Western's Balancing Area and purchase more ancillary services from Western.

Staff has asked Western to estimate its cost of transferring certain Commission customer loads into Western's balancing area and of evaluating options for self-providing one of the ancillary services known as "regulation." This preliminary work is required for the Commission and its customers involved in this move to evaluate this proposed transfer.

The purpose of this Letter Agreement is to fund Western's labor to develop a cost estimate and timeline for accomplishing the preliminary work. Western estimates that its cost of performing the preliminary work will be seventeen thousand dollars (\$17,000). The Commission's power customers identified in Exhibit A of the Letter Agreement are willing to advance these funds.

Mrs. Bates added that the overwhelming reason to consider this change is cost savings. Western's rates are less expensive than NVEnergy's rates. Western is a non-profit pass through entity like the Commission. In addition, Western has stated that they will allow us to aggregate our loads and resources, which may reduce the amount of energy that Western needs to purchase from the marketplace on our behalf.

Western will also work with the Commission to maximize the benefit of our hydropower allocation. Today, NVEnergy serves as our balancing authority, and uses Hoover to follow the load for the entire control area. Our customers do not receive the full financial value for NVEnergy's use of Hoover. By contrast, Western has indicated that there might be ways that we can use our allocation to self-provide some of the ancillary services. Instead of having to purchase the services, Western would help us operate the units in a manner that would be self-providing.

Finally, during those times when the Commission is not in need of a resource Western has indicated a willingness to pay us for the benefit of that resource. There are some overwhelming reasons why we want to take a further look with Western to see if we get more value from our hydropower allocation.

Staff recommended approval of the Letter Agreement with Western and authorization for the executive director to sign it. The Letter Agreement would authorize Western to estimate the cost of transferring certain loads into their balancing authority. The cost of Western's services to do this investigation is \$17,000, and would be borne by those customers who are interested in this move.

Vice Chairwoman Batjer moved for approval of a Letter Agreement with the Western Area Power Administration to prepare a cost estimate and schedule for transferring certain Commission customer loads into Western's balancing area. The motion was seconded by Commissioner Miller and approved by a unanimous vote.

F. Consideration of and possible action to ratify the Colorado River Commission of Nevada's fiscal 2012 and 2013 budget recommendation.

Mr. Caan reviewed the process for developing the Commission budget. Commission staff requests are prepared and reviewed by the Executive Director and a draft budget is developed. The draft budget is reviewed with the Commission's power customers. This year it was presented to customers at the May 26, 2010 customer meeting. The budget is also presented to and reviewed with the Southern Nevada Water Authority's senior staff. This year Staff responded to all questions raised by customers and no modifications or additions to the budget were requested by any customer.

The budget then is conformed to the State Budget format and submitted as part of the Executive Budget. This budget is reviewed by the Director of the Department of Administration and changed as necessary for inclusion in the Executive Budget as the Governor's Recommended Budget for the Colorado River Commission.

The Commission budget as revised by the Department of Administration is then returned to the Commission's staff for review, and a budget meeting with the Director of Administration is scheduled and held. If the Commission is not in agreement with the budget as presented by the Director of Administration, and the budget meeting does not result in the changes needed, then a meeting with the Governor can be scheduled. Once this process is complete, the Commission's budget is included in the Governor's Recommended Budget that is finalized as a part of the total Executive Budget, and the State Budget document is presented to the Legislature in the beginning of each odd-numbered year.

The Legislature then schedules a hearing(s) to review the budget request and take testimony from any concerned party. The comments received during this process may result in changes to the Governor's Recommended Budget that is finally adopted as the Legislature Approved Budget. This budget is then submitted to the Commission as its final budget. The Commission's final budget is adopted into the State Accounting System, and the Commission's accounts are controlled by the adopted budget through the State Accounting System.

Chief, Finance and Administration Douglas Beatty presented the Commission's fiscal 2012 and 2013 budget recommendations to the Commission. A copy of the report is attached and made a part of the minutes. (See Attachment B.)

This year, the Commission did not have a meeting in August, and we were required to submit the proposed budget for fiscal years 2012 and 2013 to the Department of Administration. Therefore, staff submitted the proposed budget to the Department of Administration's office by September 1, 2010.

Staff recommended the Commission ratify the proposed agency budget submitted to the Department of Administration on September 1, 2010.

Commissioner Collins moved for ratification of the Colorado River Commission of Nevada's proposed fiscal 2012 and 2013 budget. The motion was seconded by Commissioner Tarkanian and approved by a unanimous vote.

G. 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, 2009.

Chief, Finance and Administration Douglas Beatty explained that each year the Commission submits its annual financial report to the Government Finance Officers Association (GFOA) for review and evaluation as part of the GFOA's achievement program. The report is subjected to a review by two Special Review Committee members. Both committee members must recommend award of the certificate. The review consists of evaluation in a number of categories including:

1. Reporting in conformity with General Accepted Accounting Principles.
2. Demonstration of compliance with finance-related legal and contractual provisions.
3. Completeness and clarity of a letter of transmittal and introductory section.
4. Inclusion of a complete and clear statistical section.
5. Use of standardized terminology and formatting conventions.
6. Disclosure thoroughness and detail sufficiency.
7. Minimization of ambiguities and potentials for misleading inference.
8. Cohesiveness and internal consistency.
9. Implementation of prior year comments and suggestions for improvement.
10. Readability.

Mr. Beatty informed the Commission that the Colorado River Commission's annual financial report again received the certificate.

In the words of GFOA, "The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management." The Commission has received the award for its financial report every year since 1977.

Chairman Ogilvie congratulated Mr. Beatty on the many years he and his staff have worked to achieve this prestigious award.

H. 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.

Nicole Everett, Natural Resource Analyst for the Commission, provided a report on the following:

- Storage Conditions on the Colorado River
- Unregulated Inflow into Lake Powell
- Precipitation in the Colorado River Basin
- Lake Powell Elevation Projections
- Lake Mead Elevation Projections
- Hoover Dam Rating and Lake Mead Elevations
- Monthly Temperature Deviations
- Monthly Precipitation in the Colorado River Basin
- Seasonal Precipitation
- Drought Conditions in the West
- Southern Nevada Consumptive Use of Colorado River Water
- Seasonal Drought Outlook
- Record of Precipitation—Las Vegas Valley
- Update on 2011 Annual Plan of Operation

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

Mr. Caan reported that the Hoover Power Plant Allocation Act of 2010 is awaiting floor action in the Senate. The legislation passed the House at the end of July. It was reported out of the Senate Committee of Jurisdiction favorably, and now it is awaiting a floor vote in the Senate, which has not been scheduled yet.

The second item is one of the things we have been working on since April. The states and the federal government have been working with Mexico for many years on storing Colorado River water allocated to Mexico, in United States reservoirs, for a variety of reasons, including the earthquake that damaged Mexico’s water storage capacity earlier this year. We continue to work on negotiating agreements with Mexico that might allow them to store water in U.S. reservoirs for a period of time, then take that water in future years. That could possibly lead to a longer-term agreement with Mexico on storing water, especially during times of drought and shortage.

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 will be taken.)

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

J. Comments and questions from the Commission members.

Chairman Ogilvie 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 meeting was tentatively scheduled for 1:00 p.m. on October 12, 2010, at the Grant Sawyer State Office Building, Room 4401.

L. Adjournment

The meeting adjourned at 2:05 p.m.

George M. Caan, Executive Director

APPROVED:

George F. Ogilvie III, Chairman