

The meeting was held at 10:00 a.m. on Tuesday, June 10, 2008, at the Grant Sawyer Building, 555 East Washington Avenue, Suite 4401, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairman	Jay D. Bingham
Vice Chairman	Ace I. Robison
Commissioner	Chip Maxfield
Commissioner	George F. Ogilvie III
Commissioner	Lois Tarkanian

COMMISSIONERS NOT IN ATTENDANCE

Commissioner	Andrea Anderson
Commissioner	Marybel Batjer

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
Chief, Finance and Administration	Douglas N. Beatty
Energy Services Manager	Gail A. Bates
Assistant Director, Engineering and Operations	Robert Reese
Senior Energy Accountant	Gail Benton
Manager, Natural Resources Group	McClain Peterson
Natural Resource Analyst	Nicole Everett
Office Manager	Judy Atwood
Administrative Assistant III	Janet L. Nuszbaum
Administrative Assistant II	Donna Banks

OTHERS PRESENT; REPRESENTING

American Pacific Corporation	Jack Stonehocker
Clean Water Coalition	Doug Karafa
Clean Water Coalition	Eric Hawkins
Consultant	Sara A. Price, Esq.
Overton Power District No. 5	Delmar Leatham
Overton Power District No. 5	Mendis Cooper
Southern Nevada Water Authority	Sandra Reed Bottino
Southern Nevada Water Authority	Scott Krantz

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF JUNE 10, 2008**

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The Colorado River Commission meeting was called to order by Chairman Bingham at 10:08 a.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

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

B. Approval of the minutes of the May 13, 2008, meeting.

Commissioner Ogilvie moved for approval of the minutes of the May 13, 2008, meeting as written. Commissioner Tarkanian seconded the motion, and the motion was approved by a unanimous vote of those present. Commissioner Maxfield was not present for this vote.

C. Consideration of and possible action on the adoption of the Colorado River Commission fiscal 2010 and 2011 budget.

Mr. Caan reviewed the process for developing the Commission budget.

- CRC staff requests were prepared and reviewed by the Executive Director and a draft budget was developed.
- The draft budget was distributed to the Commission's power customers on May 28, 2008. The budget was also provided to the Southern Nevada Water Authority for review.
- Staff brings the draft budget to the Commission for consideration of and possible action.
- The budget is conformed to the State Budget format and is submitted as part of the Executive Budget.
- The budget is then 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 will be 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, which 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.

Mr. Beatty distributed to the Commission members the Colorado River Commission's Proposed Budget for Fiscal 2010 and 2011. A copy of the budget is attached and made part of the minutes. (See Attachment A.)

Mr. Beatty reviewed the following items from the budget for the Commission:

- Tab 9 - Research & Development Account
Authorized by NRS 538.191, supported by specific contractual revenues.
No new programs are anticipated in this budget. The current budget request provides for the continuation of the Lower Colorado River Multi-Species Program, now in the implementation stage. The request is developed based on the payment schedules provided by the federal government. Spending levels are increasing from the last budget as anticipated in the schedules. No other costs are budgeted for this fund.
- Tab 10 - Power Delivery Project Account
Supported by power sales revenues.
No new programs are anticipated in this budget. The current budget request provides for the continuation of electric utility service to the SNWA with an overall increase of 3% for anticipated increases in power and other costs.
- Tab 11 - Power Marketing Fund
Supported by power sales revenues.
No new programs are anticipated in this budget. The current budget request provides for the continuation of hydropower and supplemental electric utility service to the Commission's hydropower customers. The only cost increases are due to resource cost increases. The budget in this fund authorizes cash flow to accommodate resource needs only. There are no Commission salaries or administrative charges in the fund.

Mr. Beatty continued with his review of the Colorado River Commission Administrative Account.

- Tabs 1 & 2 reflect the summary budget numbers for fiscal 2010 and 2011 at the category level for each program component. All revenues are anticipated to be adequate for all programs without any increases in administrative rates.
- Tab 3 reflects the costs anticipated for Commission staff salaries. Note that there are six positions proposed for deletion in this budget. No new positions are sought in this budget session.

- Tab 6 reflects contract costs for outside consultant contracts. Note that the budget allows for a Colorado River Basin study contract for approximately \$300,000. This budgeted cost will actually be a continuation of a study that we anticipate beginning in the next few months. Staff is working with the Southern Nevada Water Authority (SNWA) to develop and bring this contract to the Commission for consideration in the next few months. The cost will be covered by the water administrative charge.
- Tab 7 details the request to budget for Commission sponsored water related conferences and publications in each of the budgeted years. Our past conferences have been very successful and we anticipate continuing this effort in the coming years. The costs of this effort will be covered by the water administrative charge.

The total budget request for 2010 and 2011 is approximately \$400,000 less than the request for 2008 and 2009. The bulk of the reduction is in the salary costs (we are deleting six positions), with some reduction in our request for travel costs.

Commissioner Maxfield moved to adopt the proposed budget. Commissioner Tarkanian seconded the motion, and the motion was approved by a unanimous vote.

<p>D. Consideration of and possible action to approve a contract for consulting services with Brownstein Hyatt Farber Schreck, LLP.</p>
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In 2007, the Commission entered into a one-year contract with Josh M. Reid, who was a shareholder in the Environmental, Energy and Natural Resources department with the law firm of Parsons Behle and Latimer in Salt Lake City, Utah. Mr. Reid’s background includes earning a Master’s degree in Environmental Science from Yale University prior to law school. He previously worked for the White House Council on Environmental Quality in Washington, D.C. While under contract with the Commission, Mr. Reid assisted with matters concerning compliance and enforcement of environmental laws and regulations pertaining to the Colorado River and other environmental, water, and power matters. Mr. Reid has recently relocated to Southern Nevada and has joined the firm of Brownstein Hyatt Farber Schreck, LLP. Because the Commission is engaged in acquiring water and power and the delivery of power on behalf of the State of Nevada, and these activities involve energy regulations and environmental regulations and laws, staff recommends that the contract with Mr. Reid be renewed, as he possesses specialized expertise in environmental laws and regulatory processes and can provide legal services to the Commission that are necessary, desirable and in the best interest of the State of Nevada and the Commission.

Mr. Caan stated that this contract is not to exceed \$150,000.00, and the term is until the end of the next biennium, which would be June 30, 2010. Staff recommended that the Commission approve this contract for consulting work on environmental issues, especially related to land issues, siting, permitting, and other environmental issues that come before the Commission.

Commissioner Maxfield wanted to clarify if the contract was a retainer or on demand as we need his services and asked if we are using Mr. Reid now for anything ongoing.

Mr. Caan said this is a contract that is “as needed” at the executive director’s direction on a particular assignment. It is not a retainer.

Commissioner Maxfield then asked if it was expertise outside of what the Attorney General’s office provides, or is it just that we need an outside consultant because it works better, or what’s the purpose? He stated that the CRC has great, qualified attorneys currently and he didn’t want them slighted.

Mr. Caan agreed that CRC has excellent attorneys, but this contract will provide additional specialized expertise.

Chairman Bingham disclosed that this firm has represented him in the past.

Commissioner Maxfield made a motion to approve the contract with Brownstein Hyatt Farber Schreck, LLP. Commissioner Tarkanian seconded the motion, and the motion was approved by a unanimous vote.

<p>E. Consideration of and possible action to approve a Contract between the Colorado River Commission of Nevada and the Clean Water Coalition for Construction Power, including a presentation by Doug Karafa, General Manager, Clean Water Coalition.</p>
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Mr. Caan reminded the Commission that on May 13, 2008, the Commission approved the contract under which the Commission will, at the Clean Water Coalition’s (CWC’s) expense, construct facilities interconnecting the Hydro Plant to CRC’s electric system, and temporary construction power facilities.

CWC is proposing to develop a hydroelectric generating facility (Hydro Plant) associated with the System Conveyance and Operation Program (SCOP). The SCOP project encompasses the construction and operation of a pipeline that transports effluent through a substantial drop in elevation from the wastewater treatment plants of the City of Las Vegas, the City of Henderson, and the Clark County Water Reclamation District to an outfall location in Lake Mead, bypassing the Las Vegas Wash. The Hydro Plant would utilize the effluent and the drop in elevation to generate hydroelectric power.

CWC’s General Manager Doug Karafa then gave a presentation with the assistance of Eric Hawkins. A copy of the presentation is attached and made a part of the minutes. (See Attachment B.)

CWC has asked the Commission to provide Construction Power to the CWC prior to the Commercial Operation Date of the Hydro Plant. NRS 704.787(1)(b) authorizes the Commission to sell electricity and provide transmission and distribution services to the SNWA and its member agencies for their water and wastewater operations. CWC is a member agency of the SNWA, and the SCOP Project is a component of CWC’s wastewater operations.

Under the proposed contract, the Commission shall sell, and CWC shall purchase, Construction Power. The charges for Construction Power shall include a commodity charge that is based upon published market index prices, an ancillary services fee to reimburse the Commission for ancillary services fees applied to it by the Balancing Authority, and a monthly administrative charge.

Energy Services Manager, Gail Bates, then explained the pricing structure. Ms. Bates explained that the “heart and soul” of this contract is the pricing. The CWC will require about two to four megawatts of construction power annually. CRC is planning to start providing CWC with construction power probably during the first quarter of next year, and that will continue through the time that the hydropower plant is constructed. CRC typically purchases power on the market in twenty-five megawatt blocks. The market does not deal well with odd bits and pieces and small increments of power so it would be very impractical for CRC to go out on the market and buy a new product to serve the CWC for their construction power needs. A two to four megawatt product could be very expensive and could have a hefty premium. CRC will take resources already in the power portfolio and provide those to serve the CWC. CRC’s pricing mechanism is the market price proxy in the contract. CRC has a similar type of pricing structure in a contract with Nevada Power Company. Ms. Bates described how the market price proxy works and several other contract charges involved to provide the CWC with construction power.

Commissioner Maxfield, as the CWC’s Chairman and upon advice of CRC counsel, abstained from voting.

Commissioner Robison made a motion to approve the contract. Commissioner Tarkanian seconded the motion, and the motion was approved by a unanimous vote.

F. Update on Nevada’s Colorado River water consumption, the status of discussions regarding shortage criteria, and other developments on the Colorado River.

Natural Resources Manager McClain Peterson gave a brief presentation. A copy of his presentation is attached and made a part of the minutes. (See Attachment C.)

Mr. Caan reported to the Commission the collective intervention in the Glen Canyon lawsuit was granted and the case will proceed forward with the States’ intervention and separate interventions on behalf of the water and power users.

G. Comments and questions from the public and discussion. (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 Bingham asked if there were any comments or questions from the public. There were none.

H. Comments and questions from the Commission members.

Chairman Bingham asked if there were any comments or questions from the Commission members. There were none.

I. Selection of the next possible meeting date.

The next Commission meeting is scheduled for Tuesday, July 8, 2008, at the Grant Sawyer State Office Building, Suite 4401.

J. Adjournment.

The meeting adjourned at 11:14 a.m.

George M. Caan, Executive Director

APPROVED:

Jay Bingham, Chairman