

The meeting was held at 1:00 p.m. on Tuesday, August 11, 2009, at the Grant Sawyer Building, Room 4401, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Vice Chairman
Commissioner
Commissioner
Commissioner

Ace I. Robison
George F. Ogilvie III
Tom Collins
Lois Tarkanian

COMMISSIONERS NOT IN ATTENDANCE

Chairman
Commissioner

Jay D. Bingham
Marybel Batjer

DEPUTY ATTORNEYS GENERAL

Senior Deputy Attorney General
Senior Deputy Attorney General

Jennifer T. Crandell
Ann C. Pongracz

COMMISSION STAFF IN ATTENDANCE

Executive Director
Deputy Executive Director
Chief of Finance and Administration
Energy Accountant
Assistant Director of Engineering and Operations
Hydropower Manager
Assistant Hydropower Manager
Manager, Natural Resources Group
Natural Resource Analyst
Natural Resource Analyst
Natural Resource Analyst
Administrative Assistant IV
Administrative Assistant II

George M. Caan
James D. Salo
Douglas N. Beatty
Kalora Snyder
Robert Reese
Craig N. Pyper
Lisa Ray
McClain L. Peterson
Nicole Everett
Esther Rojas
Jason Thiriot
Brenda Haymore
Gina Goodman

OTHERS PRESENT; REPRESENTING

American Pacific Corporation
Boulder City, City of
Boulder City, City of
Lincoln County Power District No. 1
Lincoln County Power District No. 1
Overton Power District No. 5
Overton Power District No. 5
Overton Power District No. 5
Self
Southern Nevada Water Authority
Tronox

Jack Stonehocker
Ned Shamo
Rory Dwyer
Mick Lloyd
Garry McBride
Delmar Leatham
Mendis Cooper
Terry Romero
Michael Harris
Tom Maher
John Holmstrom

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF AUGUST 11, 2009**

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The Colorado River Commission meeting was called to order by Vice Chairman Robison at 1:10 p.m.

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 minutes of the June 9, 2009 meeting.

Commissioner Collins moved for approval of the minutes. The motion was approved by a unanimous vote.

C. 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, 2008.

Mr. Caan reported 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. Caan said he is pleased to inform the Commission that the annual financial report has again received the Certificate of Achievement.

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.

Mr. Caan congratulated the accounting group, Doug Beatty, Gail Benton, and Celta Hannig (who recently retired), for achieving this award for another year. He introduced the newest member of the group, Kalora Snyder, and welcomed her to the Commission.

Vice Chairman Robison offered the Commission's congratulations to the group for its continued good work.

D. Consideration of and possible action to approve a supplemental electric power supply services contract between Lincoln County Power District No. 1 and the Commission.

Mr. Caan explained that there are occasions when the estimated or actual electrical loads of the Commission's hydropower customers cannot be met solely through the hydroelectric power resources furnished to them under long-term firm contracts with the Commission. Previously, the Commission has entered into contracts and agreements with the Commission's industrial customers as well as the City of Boulder City and Overton Power District, to meet these deficiencies through short-term purchases of supplemental power. Lincoln County Power District now wishes to enter into a similar contract with the Commission.

The contract provides for the purchase of electric power from any source necessary to firm up and supplement the hydroelectric power resources available to Lincoln County Power District. These purchases of supplemental power have various durations tailored to meet the customer's electrical load requirements, including any associated requirements for ancillary services. The contract provides for periodic long- and short-term load estimates, consultations between the Commission and the customer to determine resource sufficiency, and more streamlined procedures for the purchase of supplemental electric power supply services when needed to meet a resource deficiency.

Commissioner Collins asked by what law the Commission is allowed to provide this supplemental power.

Mr. Caan said that the Commission is authorized to provide this supplemental power under SB211 legislation that was passed in 2001. The legislation, among other things, limited the number of customers the Commission can serve, to its customer base at the time the legislation was enacted.

Commissioner Collins moved to approve the contract with Lincoln County Power District No 1. The motion was seconded by Commissioner Ogilvie and approved by a unanimous vote.

E. Consideration of and possible action to approve Amendment No. 3 to the Agreement for Operation and Maintenance Engineering Support Services between Burns & McDonnell Engineering Company, Inc. and the Commission.

Mr. Robert Reese, the Commission's Assistant Director of Engineering and Operations, explained that an agreement for Operation and Maintenance Engineering Support services between Burns & McDonnell Engineering Company, Inc. (Burns & McDonnell) and the Commission was approved on October 8, 2007, and amended on August 12, 2008 and April 14, 2009. The contract supports the Commission's Power Delivery operation and maintenance functions. The Commission also utilizes Burns & McDonnell to assist with the preparation of

designs and specifications on capital projects such as the upcoming Clark County Water Reclamation District (CCWRD) project and the relocation of the Commission's Mead-Newport 230-kV transmission structures to accommodate the Nevada Department of Transportation's Boulder City Bypass Project. The CCWRD project will require the design and construction of three 69/15-kV substations and associated 15-kV underground distribution circuits. An increase to the Burns & McDonnell contract amount is necessary to complete the tasks of developing the designs, engineering and specifications for these projects.

Under the contract, the services of Burns & McDonnell are authorized by Commission staff as needed through the development and execution of written task authorizations. This amendment will result in an increase to the maximum aggregate cost of services by an additional \$699,450.00 to a not-to-exceed contract total of \$1,814,450.00 over the term of the contract.

Staff believes Burns & McDonnell is well qualified and fully capable of providing the needed engineering support to Commission and recommended approval of this amendment.

Commissioner Collins moved to accept staff's recommendation. The motion was seconded by Commissioner Ogilvie and approved by a unanimous vote.

<p>F. Consideration of and possible action to approve the First Amended Operational Agreement for water banking among the Metropolitan Water District of Southern California, the Southern Nevada Water Authority, and the Commission.</p>

Mr. Caan explained that on October 27, 2004, the Metropolitan Water District of Southern California (MWD), the Southern Nevada Water Authority (SNWA), the United States, and the Commission entered into a Storage and Interstate Release Agreement (SIRA) under 43 C.F.R. Part 414 for offstream storage, or banking, of water. The agreement allows the SNWA to store the unused Nevada apportionment of Colorado River water with MWD and for the subsequent recovery of such water by MWD through 2010.

Under the terms of the amendment, the option for Nevada to store its water with MWD, at no cost, is extended through 2026. SNWA agrees to limit the request for recovery through 2021 with exceptions during shortage declarations. These exceptions ensure that MWD will recover Nevada's banked water to make up any shortage declaration for Nevada greater than 20,000 acre-feet, up to 50,000 acre-feet, at any time (2010 through 2019) as long as there is water in the SNWA's account. After 2019, MWD will make up any declared shortages for Nevada up to 50,000 acre-feet as long as there is water in the SNWA's account.

The SNWA's Board of Directors approved the Amendment on July 16, 2009.

Vice Chairman Robison asked what change this agreement has made to California's use of excess Colorado River water.

Mr. Caan explained that California was previously allowed to use more than its 4.4 million acre-foot allocation because at that time Arizona and Nevada were not using their full allocations of Colorado River water. Both states have now developed their full allocations. The original

agreement and this amendment deals with the portion of Nevada's allocation that is in excess of its needs today. In the past, if Nevada was not using its full allocation, it had no say in who got that water—that was a decision made by the Secretary of the Interior. This agreement allows banking of Nevada's excess water in California's aqueduct that can be used by MWD now, and recovered by SNWA in the future when it is needed.

Commissioner Collins moved to approve the amendment. The motion was seconded by Commissioner Ogilvie and approved by a unanimous vote.

G. Status update on the hydrologic conditions, drought, and climate of the Colorado River Basin and Nevada's consumptive use of Colorado River water.

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

- Storage Conditions on the Colorado River
- Precipitation in the Colorado River Basin
- Unregulated Inflow into Lake Powell
- Lake Powell Elevation Projections
- Lake Mead – Elevation and Ratings
- Monthly Temperature Deviations
- Monthly Precipitation in the Colorado River Basin
- Seasonal Precipitation
- Drought Conditions in the West
- Seasonal Drought Outlook
- Record of Precipitation—Las Vegas Valley
- Water Use in Southern Nevada
- Lower Basin States Use of Colorado River Water

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

Commissioner Collins asked how many years within the past eleven years has rainfall in the Las Vegas Valley been above normal.

Mrs. Everett said only four years within that time period have had above average rainfall.

Mr. Caan said that he and McClain Peterson attended a Seven Basin States/Bi-national meeting to continue the dialogue on potential projects that can be developed jointly with Mexico that will benefit both countries in terms of water supply and shortage management. He said he felt progress was made by providing Mexico with information on a plan for developing water storage in Lake Mead. Even though the information was preliminary, Mexico felt the plan was workable.

Mr. Caan reported that a letter was sent by the Seven Basin States to the Secretary of the Interior outlining the states' concerns regarding efforts that were confusing the roles within the Department of the Interior (DOI) between the Bureau of Reclamation (BOR) and the National Park Service (NPS) in operating the reservoirs and federal hydropower projects. The letter also

restated for the new administration the history of the relationship between the states, the water users, the BOR and the DOI, and recited the accomplishments that have been made as a result of these relationships such as the surplus guidelines, the shortage guidelines, and the environmental programs. The letter documents these relationships and assures the DOI that the states want to continue that successful relationship.

Vice Chairman Robison said he felt the relationship that has recently developed between the above mentioned parties is a remarkable accomplishment.

Mr. Caan echoed that sentiment and said the states have come to recognize that one state's problem is all the states' problem.

H. 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.)

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

I. Comments and questions from the Commission members.

Vice Chairman Robison asked if there were any comments or questions from the Commission members.

Mr. Caan introduced the Commission's newest employee, Michael Harris, who was hired to work with Craig Pyper and Lisa Ray in the Hydropower Department.

Vice Chairman Robison welcomed Michael on behalf of the Commission.

Vice Chairman Robison stated that he has an interest in a briefing by staff on the Yuma Desalting Plant (YDP). He said if any commissioners were interested they were welcome to participate.

Commissioner Tarkanian said she is interested in participating.

Mr. Caan said the YDP briefing will include a discussion of the relationship of the YDP to water deliveries to Mexico.

J. Selection of the next possible meeting date.

The next meeting was tentatively scheduled for 1:00 p.m. on September 8, 2009 at the Grant Sawyer Building.

K. Adjournment.

The meeting adjourned at 1:35 p.m.

George M. Caan, Executive Director

APPROVED:

Ace I. Robison, Vice Chairman