

The meeting was held at 1:00 p.m. on Tuesday, March 10, 2015 at the Clark County Commission Chambers, 500 South Grand Central Parkway, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairman	George F. Ogilvie III
Vice Chairman	Berlyn D. Miller
Commissioner	Bob Coffin
Commissioner	Kara J. Kelley
Commissioner	Duncan R. McCoy
Commissioner	Puoy K. Premsrirut
Commissioner	Steve Sisolak

DEPUTY ATTORNEYS GENERAL

Special Counsel, Attorney General	Jennifer T. Crandell
Special Counsel, Attorney General	Ann C. Pongracz

COMMISSION STAFF IN ATTENDANCE

Deputy Executive Director	James D. Salo
Chief of Finance and Administration	Douglas N. Beatty
Assistant Director of Engineering and Operations	Robert D. Reese
Assistant Director of Energy Services	Gail A. Bates
Hydropower Program Manager	Craig N. Pyper
Natural Resource Analyst	Warren Turkett
Senior Accountant	Gail L. Benton
Senior Energy Accountant	Richard M. Sanders
Senior Energy Accountant	Kalora E. Snyder
Office Manager	Judy K. Atwood
Administrative Assistant III	Carol L. Perone
Administrative Assistant II	Susan Gomez

OTHERS PRESENT; REPRESENTING

Aha Macav Power Service	Jeronimo McKenzie
City of Las Vegas	Nichole Malichky
Consultant	Sara A. Price, Esq.
Department of Corrections	Scott Sisco
Department of Corrections	Kent LeFevre
Senator Reid's Office	Vinny Spotleson
Southern Nevada Water Authority	Mike Weintz
Survallent Technology Corporation	Edward Kobeszka
Tronox, LLC	John Holmstrom
University of Nevada Las Vegas	Don Land
University of Nevada Las Vegas	Jim VanAntwerp

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF MARCH 10, 2015**

INDEX

<u>Agenda Item</u>	<u>Subject</u>	<u>Page No.</u>
A.	Conformance to Open Meeting Law	1
B.	Comments 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 may be taken.).....	1
C.	<i>For Possible Action:</i> Approval of minutes of the January 13, 2015 meeting	2
D.	<i>For Possible Action:</i> Consideration of and possible action on award of Contract No. SA-15-01 for Substation Insulator Cleaning Services.....	3
E.	<i>For Possible Action:</i> Consideration of and possible action to approve Amendment No. 1 to Contract No. SA-12-02 for Substation Automation System Support Services between Survalent Technology Corporation and the Colorado River Commission of Nevada (Commission).....	5
F.	<i>For Possible Action:</i> Consideration of and possible action to approve Amendment No. 1 to Contract No. SA-13-02 for Materials Purchasing Services between Peak Substation Services and the Commission.....	6
G.	<i>For Possible Action:</i> Consideration of and possible action to approve an amendment to the Contract for legal services between the Commission and Stinson Leonard Street LLP, successor to Leonard Street and Deinard, P.C.....	7
H.	<i>For Possible Action:</i> Consideration of and possible action to approve Amendment No. 1 to Contract for Services of Independent Contractor between the State of Nevada, Acting through Its Colorado River Commission and Sara A. Price, Esq.....	8

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INDEX

<u>Agenda Item</u>	<u>Subject</u>	<u>Page No.</u>
I.	<i>For Information Only:</i> Status update on Staff’s implementation of the provisions in the Hoover Power Allocation Act of 2011 (H.R. 470) passed by Congress.....	13
J.	<i>For Information Only:</i> 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.....	15
K.	Comments 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 may be taken.).....	17
L.	Comments and questions from the Commission members	17
M.	Selection of the next possible meeting date	18
N.	Adjournment.....	19

The Colorado River Commission meeting was called to order by Chairman Ogilvie at 1:00 p.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

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

B. Comments 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 may be taken.)

Commission Chairman and Members: Thank you for your time today. For the record my name is Scott Sisco, and I am the Deputy Director with the Department of Corrections. And here with me is Kent LeFevre, the Departments' Chief Engineer. I'm here today to comment on Item number I of your agenda. In particular Staff's implementation of the provisions in the Hoover Power Allocation Act of 2011. Back in November 17, 2014 the Commission provided a Notice of Public Meeting on Allocation Criteria for Marketing Nevada's Share of Hoover's Schedule D Power and Call for Applications. Within that two page meeting notice, it was proposed, that the Commission accept applications between December 5, 2014 and January 9, 2015.

Ultimately an order was released which indicated "The Commission approves the allocation criteria and application form provided by the Commission staff in Exhibit B, as amended by the Commission in Exhibit C, and finds that the utilization of these criteria and this application form for allocation of Hoover Schedule D power will serve "the greatest possible benefit to the State" as required by N.R.S. 5.161."

The Application for Allocation of Hoover Schedule D Power forms (7 pages) were then created and made available to applicants.

March 9, 2015 the Department of Corrections received a Draft Order relative to this meeting specifically stating under section F, rejection of Late-Filed Applications. The narrative of that section indicates that applications for the Department of Administration and the Department of Corrections did not submit applications until January 29, 2015, and February 2, 2015 respectively. Staff recommends these applications be rejected as non-compliant with the filing requirements.

Unfortunately there has been considerable confusion for certain State agencies regarding those due dates. Other than the originally November 17, 2014 Notice of Public Meeting notification previously referenced, the Department of Corrections was unable to find the due dates in:

- The Commission's Order
- The Application for Allocation of Hoover Schedule D Power (itself)
- In other documents we've been able to secure

Coming back to the reference to the due date in the original November 17, 2014 public meeting notification, the public notice states “The Commission reserves the right to not consider any applications received after this date.” The Department would urge the Commission to understand the confusion caused by such an important date missing on the Commission’s Order as well as the application itself, and utilize the flexibility the Commission wrote itself into that meeting notice, and accept these two late applications. Thank you and I will be happy to answer any questions.

Chairman Ogilvie restated the summary provided by Mr. Sisco to clarify what was stated. The application period as noticed by the Commission, was between December 5, 2014 and January 9, 2015.

Mr. Sisco stated yes, those were the dates listed in the original meeting notice.

Chairman Ogilvie stated that Nevada Department of Corrections submitted its application on January 29, 2015.

Mr. Sisco stated that the Department of Corrections may have been the application submitted on February 2, 2015.

Chairman Ogilvie stated that the Commission is not taking any action on Agenda Item I today, the notice of a proposed order was issued to all applicants on Monday, March 9, 2015, to give all applicants, both those receiving an allotment, and those that are not going to receive an allotment, an opportunity to address whatever concerns that have come up with Staff.

Chairman Ogilvie stated that he appreciated Mr. Sisco coming forward and advising the Commission today; and asked that Mr. Sisco submit the comments that were made today in writing to Staff, so Staff can evaluate the comments and bring them to the Commission when the proposed order comes up.

Chairman Ogilvie welcomed Kara J. Kelley, as a new Commissioner to the Commission and said that he hopes that Ms. Kelley will find her time on the Commission rewarding and will stay with the Commission a long time.

Commissioner Kelley stated that it was her pleasure to be on Commission.

C. *For Possible Action: Approval of minutes of the January 13, 2015 meeting.*

Commissioner McCoy moved for approval of the minutes. The motion was seconded by Commissioner Premsrirut and approved by a unanimous vote.

D. For Possible Action: Consideration of and possible action on award of Contract No. SA-15-01 for Substation Insulator Cleaning Services.

Robert D. Reese, Assistant Director of Engineering and Operations, presented Contract No. SA-15-01 for Substation Insulator Cleaning Services.

The Commission owns, operates and maintains three 230-kV to 14.4-kV substations comprising the Basic Substation Project. The Commission utilizes these substations to provide electric services to the Commission’s six customers located at the Basic Industrial Complex: American Pacific Corporation (AMPAC), Basic Water Company, Lhoist North America, Olin Chlor Alkali Products, Titanium Metals Corporation (TIMET), and Tronox, LLC.

These substations are exposed to various air-borne emissions because they are located in close proximity to the various chemical and metallurgical processing plants at the Basic Industrial Complex. They were designed with recognition of the environmental conditions, including the use of copper components in lieu of aluminum to prevent interaction with on-site chlorine gas. However, the presence of local contaminants presents a condition that must be mitigated through effective preventative maintenance.

Effective preventative maintenance is accomplished through the periodic cleaning of the substation insulators. Substation insulators are used to support the energized bus conductor and equipment and are designed to prevent water from flowing over the surface of the insulator in a continuous path during a rainstorm. If contaminants are allowed to build up on an insulator, electricity will travel from the energized bus, conductor or equipment, over the surface of the insulator to the underlying steel support structure, resulting in a “flashover” which will produce an unscheduled interruption in electric service.

Standard industry practice requires the insulators to be cleaned twice each year to prevent a flashover. Because of the hazard involved and the unique nature of the work, cleaning of substation insulators is only performed by a handful of contractors nationwide.

On December 22, 2014, Contract No. SA-15-01 for Substation Insulator Cleaning Services was released for bid. By bid closing on February 18, 2015, the Commission had received three bids. The bid amounts are shown below.

Bidder Name	Bid Amount
Energized Substation Maintenance, Inc.	\$267,130.00
PAR Electrical Contractors, Inc.	\$327,644.00
Utility Service and Maintenance, Inc.	\$370,778.00

The Commission’s staff and engineers have evaluated the bids based on price, proposed products, schedules, bidder exceptions, safety records and other related factors.

The evaluation also included compliance with Nevada Revised Statutes (NRS) 338.147 under which bidder preference is given to a bidder who is a Nevada licensed contractor, who provides proof of payment of taxes to the State of Nevada and a certificate of eligibility from the State Contractors' Board. Staff determined that the bid from PAR Electrical Contractors, Inc. (PAR) is eligible for bid preference under NRS 338.147. Factoring in the five percent bid preference, PAR's bid was still \$44,131.80 higher than the lowest bid, which was from Energized Substation Maintenance, Inc.

Staff's evaluation confirmed that the bid from Energized Substation Maintenance, Inc. was the lowest responsive bid. Staff therefore recommends award of Contract No. SA-15-01 to Energized Substation Maintenance, Inc.

Staff is requesting contract authority of \$293,843.00 which includes a 10 percent contingency for quantity adjustments and change orders.

Commissioner Coffin stated it makes sense that copper is used versus aluminum, because copper is better. Is there a requirement on what product can be used to do the cleaning?

Mr. Reese stated that Staff is very concerned about the environment and in the Commission's specifications there is some latitude as to what type of product is used as long as it is environmentally friendly. The advantage with the corn cob and limestone mixture is that the limestone alone would be so abrasive that it would damage the glazing on the insulators. The product to be used is left up to the contractor to decide, and a lot of the decision is based on cost, and is not sure which would be more cost effective.

Commissioner Coffin stated that walnut shells cannot be used in the compound, but pecan shells can be used, and if someone finds out why to let him know.

Mr. Reese stated that the corn cob, limestone mixture is biodegradable and eventually it will dissipate into the soil without leaving any residue.

Mr. Salo stated for the record that Staff intends to incorporate the normal 10 percent contingency that is typically in this type of contract on top of the \$260,000.00 which would then raise the total to \$293,000.00.

Mr. Reese stated that is correct and he had failed to mention the contingency.

Commissioner McCoy moved for approval on award of Contract No. SA-15-01 for Substation Insulator Cleaning Services. The motion was seconded by Vice Chairman Miller and approved by a unanimous vote.

E. *For Possible Action:* Consideration of and possible action to approve Amendment No. 1 to Contract No. SA-12-02 for Substation Automation System Support Services between Survalent Technology Corporation and the Colorado River Commission of Nevada (Commission).

Mr. Reese presented Contract No. SA-12-02 for Substation Automation System Support Services between Survalent Technology Corporation and the Commission.

The Power Delivery Project's existing substation supervisory control and data acquisition system (SCADA) is separated into two key components: the automation system and the business enterprise system. The automation system is required for the Commission to operate its transmission and distribution facilities, monitor equipment status and to respond to operational events in providing electric services to its customers including the Southern Nevada Water Authority, the Clark County Water Reclamation District, and the Basic Substation Project.

The services of an outside vendor are needed from time to time for the routine operation and maintenance of the system such as programming, troubleshooting and modifying the computer systems associated with the automation system. These services include updating of Human-Machine Interface (HMI) screens or updates utilizing the installed software on the system development node, and updating those HMI screens to operating nodes; updating communication processor settings; updating substation automation system database and set points; troubleshooting from remote locations; and, restoration of the automation system in the event software or a server is temporarily or permanently rendered inoperable.

On May 5, 2012, the Commission approved Contract No. SA-12-02 with Survalent Technology Corporation (Survalent) to provide the above-mentioned services. Staff anticipates the continued need for these substation automation system support services and therefore asks the Commission to approve an amendment to the contract with Survalent, in order to enable the Commission and its electric customers to continue to benefit from Survalent's proprietary software and to avoid the additional costs that would result from obtaining these services from a different contractor. The amendment extends the term of the contract for an additional four years to May 31, 2019 and increases the contract amount by \$250,000.00 to a not-to-exceed total of \$475,000.00 over the term of the contract.

The contract with Survalent is an enabling type of contract which allows the Commission to use none or all of the services listed above. The work is authorized on an individual task basis. If the Commission requires the company to perform work, a "Task Authorization" is prepared and submitted for approval. A task authorization must contain a description of the work to be performed, a list of deliverables, a schedule for completing the assignment and a budget for the task.

Commissioner Coffin moved for approval of Amendment No. 1 to Contract No. SA-12-02 for Substation Automation System Support Services between Survalent

Technology Corporation and the Commission. The motion was seconded by Commissioner McCoy and approved by a unanimous vote.

F. *For Possible Action:* Consideration of and possible action to approve Amendment No. 1 to Contract No. SA-13-02 for Materials Purchasing Services between Peak Substation Services and the Commission.

Mr. Reese presented Amendment No. 1 to Contract No. SA-13-02 for Materials Purchasing Services between Peak Substation Services and the Commission.

Under Nevada State purchasing guidelines, designated Power Delivery Group (PDG) staff may purchase items costing less than \$5,000.00 from vendors with whom the Commission has established accounts. This purchasing mechanism allows the PDG to purchase small tools and items such as low voltage wire, conduit, and replacement luminaries.

However, many individual items and replacement parts within the Commission's transmission system cost in excess of \$5,000.00. Relays and metering equipment typically cost between \$5,000.00 and \$30,000.00, communication modules cost between \$3,000.00 and \$10,000.00, transformer bushings cost up to \$100,000.00 each, tap changer controls cost approximately \$12,000.00, and replacement switches can cost between \$7,000.00 and \$15,000.00.

On September 10, 2013, Contract No. SA-13-02 with Peak Substation Services (Peak) was approved by the Commission to serve as a means to purchase needed materials costing in excess of \$5,000.00.

The proposed amendment to Contract No. SA-13-02 seeks to increase the amount of the contract by \$200,000.00 to a not-to-exceed amount of \$450,000.00 over the term of the contract. The Commission is not obligated to purchase materials under the contract. This contract is an enabling type contract that allows the Commission's PDG to receive a quotation each time a purchase is to be made. The Commission has contracts with multiple vendors and quotations will be solicited from each vendor and compared. The vendor offering the most favorable terms will be issued a purchase order to furnish the required items.

Peak has provided excellent service for the PDG's materials purchasing needs; therefore, Staff recommends the Commission approve the amendment to the contract with Peak.

Vice Chairman Miller moved for approval of Amendment No. 1 to Contract No. SA-13-02 for Materials Purchasing Services between Peak Substation Services and the Commission. The motion was seconded by Commissioner McCoy and approved by a unanimous vote.

G. For Possible Action: Consideration of and possible action to approve an amendment to the Contract for legal services between the Commission and Stinson Leonard Street LLP, successor to Leonard Street and Deinard, P.C.

Mr. Salo presented an amendment to the Contract for legal services between the Commission and Stinson Leonard Street LLP, successor to Leonard Street and Deinard, P.C.

On June 5, 2012, a 2-year contract between the Commission and Leonard Street and Deinard, P.C. (Contractor) became effective to retain the Contractor to act as legal counsel to the Commission, in conjunction with the Office of the Nevada Attorney General, on issues relating to: (1) Federal Energy Regulatory Commission (FERC) proceedings; (2) compliance with mandatory electric reliability standards promulgated by the North American Reliability Corporation (NERC), market manipulation and other related matters; (3) electric and natural gas supply issues; and (4) other matters to be directed in writing by the Executive Director or the Deputy Director.

Due to the need for the Contractor's expertise in energy-related matters before the FERC or other federal agencies, this Amendment No. 1 is needed to extend the expiration date of the Current Contract of June 30, 2015 for two years and address matters related thereto.

Amendment No. 1 will: (1) extend the term of the Contract for 2 years with a new expiration date of June 30, 2017; and (2) incorporate \$15.00 increases in all hourly rates in the applicable rate schedule. Also, Amendment No. 1 recognizes the Commission's previous consent to the assignment of the Current Contract (and therefore Amendment No. 1) from Leonard Street and Deinard, P.C., to Stinson Leonard Street, LLP.

Amendment No. 1 does not increase the \$200,000.00 total "not to exceed" limit authorized to be expended by the Commission under this Contract.

Commissioner McCoy asked how long Craig Silverstein has been representing the Commission.

Mr. Salo stated more than a decade. When Mr. Salo first came to the agency 12 years ago, Mr. Silverstein was the number two attorney with his firm. Ms. Sue Kelly was the Commission's lead counsel regarding FERC matters at that time. Ms. Kelly later moved on to become the head of the American Public Power Association and Mr. Silverstein stepped into the role of his firm's lead FERC counsel.

Commissioner McCoy stated that Mr. Silverstein is in a very specialized area of expertise.

Mr. Salo agreed and stated that Mr. Silverstein is superb at the work he does for the Commission. In addition to Mr. Silverstein knowledge of the history of FERC regulation and the law applicable to it, which is very much a niche area of the law, Mr. Silverstein

has an extremely good working relationship with FERC staff and equally importantly with the other attorneys and firms that tend to represent entities before FERC in the same matters that the Commission gets involved in. This is one situation where savings can be identified for the Commission.

The last couple of cases Mr. Silverstein worked on for the Commission in 2013 and 2014 involved Ancillary service rates, and because of Mr. Silverstein's efforts he saved the Commission member agencies \$2.3 million a year into the future.

Commissioner McCoy stated that Mr. Silverstein indicated that the savings to the Commission was \$1.1 million just in the delay of implementation to the transmission rate increase.

Mr. Salo stated correct.

Vice Chairman Miller asked if the Commission has any matters currently pending before FERC.

Mr. Salo stated not at the moment, although NV Energy made a filing March 6, 2015 that Staff is reviewing regarding the Energy Imbalance Market. That filing may require Mr. Silverstein to perform some services for the Commission.

Commissioner McCoy and Commissioner Premsrirut moved for approval of amendment to the Contract for legal services between the Commission and Stinson Leonard Street LLP, successor to Leonard Street and Deinard, P.C. The motion was seconded by Commissioner Kelley and approved by a unanimous vote.

<p>H. <i>For Possible Action:</i> Consideration of and possible action to approve Amendment No. 1 to Contract for Services of Independent Contractor between the State of Nevada, Acting through Its Colorado River Commission and Sara A. Price, Esq.</p>

Mr. Salo presented Amendment No. 1 to Contract for Services of Independent Contractor between the State of Nevada, Acting through Its Colorado River Commission, and Sara A. Price, Esq.

On June 11, 2013, the Commission approved a four year contract for services from independent contractor, Sara A. Price, Esq., to advise on issues relating to the Lower Colorado River Multi-Species Conservation Program (LCR MSCP), the interfacing of the LCR MSCP and the new requirements under the Hoover Power Allocation Act of 2011, and other environmental, water, Tribal, and power-related issues as directed by the Executive Director. That contract became effective when approved by the Board of Examiners on August 13, 2013, with a not-to-exceed amount of \$270,000.00, and a stepped hourly compensation rate of \$250.00 in year one to \$289.40 in year four.

Ms. Price has over 14 years of experience with the Commission on water and power matters, the last 10 of which under contract with the Commission for consulting services on water and power matters as directed by the Executive Director, and she has been a licensed attorney in Nevada since 1996.

To continue to benefit from Ms. Price's expertise in on-going River negotiations and projects under her existing contract, Staff recommends it is in the best interest of the Commission and State of Nevada to approve a compensation increase of \$200,000.00 to the "not-to-exceed" contracted amount of \$270,000.00, for a total not-to-exceed of \$470,000.00, with a locked in reduced hourly rate of \$262.50 per hour for the remainder of the contract.

Chairman Ogilvie stated that the not-to exceed amount of \$470,000.00 seems quite large over the course of a four year contract. Why is this not an in-house position?

Mr. Salo stated that the Attorney General's office represents state agencies. There are a few exceptions to that but they are statutory. Performing legal services as an attorney if Ms. Price were asked to do that would make her an employee of the Attorney General's office rather than for the Commission as she was previously, and he is unsure if Ms. Price has any interest in returning to the position she previously held. Some of this work could be done by someone that would be hired as an employee. There was an effort to recruit for the Natural Resources Manager position that was unsuccessful. The Executive Director was unable to identify a candidate who was willing to take the position who would have been appropriate for the position.

Chairman Ogilvie asked when Mr. Salo said appropriate what does he mean.

Mr. Salo stated from the stand point of background and experience, since the position is a very specialized area.

Chairman Ogilvie asked specialized relative to the Colorado River?

Mr. Salo stated specialized relating to Colorado River issues, and would add that any value to our agency is the contacts that employees derive and the ability to interact with the Seven Basin States, Mexico and federal government counterparts as well. This is not an area that an outsider can break into very easily. It would take quite a learning curve for anyone despite background do this being an extremely specialized area.

Commissioner Kelley asked how often does the Commission use Ms. Price's services? Is it regularly each week or regularly each month?

Mr. Salo stated that Ms. Price was present at the meeting and available to answer questions from the Commission.

Commissioner Kelley stated that she would like a context of the amount of work performed by Ms. Price on behalf of the Commission.

Ms. Price stated that she is engaged on a weekly basis, she does not work every day but has been providing services on a somewhat regular basis during the week, and month. Ms. Price clarified that the Commission has Special Counsel Attorney Generals who perform the legal work on behalf of the Commission. Ms. Price has been providing services to the Commission at a policy and developmental level, and is not authorized to represent or litigate on behalf of the Commission, or to execute contracts on behalf of the Commission, that would fall into the services that are provided by the Attorney General's office.

Chairman Ogilvie asked Ms. Price to comment on the expansion of duties that are performed for the Commission to justify the request for the increase to the contract.

The Commission was beginning critical drought contingency planning negotiations in the Lower Basin and amongst the Seven Basin States and since then bi-nationally with Mexico. As directed by the Executive Director, she is representing the Commission in these negotiations because of the sensitivity of the issues and given extensive background on Colorado River matters and well established and respected working relationships with key personnel in federal and state agencies and municipal agencies, particularly the Southern Nevada Water Authority. Moreover, under the LCR MSCP, more concentrated work developed on a potential large, complicated land purchase agreement for the Program and several critical program and funding issues arose under the Colorado River Basin Salinity Control Program for which the Executive Director sought expertise. These assignments were more extensive than routine contracted work and accordingly increased hours of service and compensation.

Commissioner Sisolak asked if the contract has been in place for 21 months so far.

Ms. Price stated yes, it started on August 13, 2013 and ends June 30, 2017.

Commissioner Sisolak said from August until March 2015, how much has been billed to the Commission against the \$270,000.00 current contract.

Ms. Price stated that she did not have the exact number and asked Doug Beatty if he had the total amount available.

Mr. Doug Beatty, Chief of the Finance and Administration, answered that the current billings to date are \$207,407.53.

Commissioner Sisolak asked so that in 18-months \$207,000.00 has been billed?

Mr. Beatty stated that is correct, the total is 77% of the contract amount has been spent.

Commissioner Sisolak stated that in 18-months \$207,000.00 has been billed and if the Commission extends the contract out for the whole four years with 31 months left on the

contract and even with the increase there will only be \$263,000.00 left. How did the Staff get so low in the work being allocated has spent all the money?

Chairman Ogilvie stated that he was not sure what Commissioner Sisolak meant.

Commissioner Sisolak stated that in 17-months Ms. Price has billed \$207,000.00 against the \$270,000.00 contract. There would be \$63,000.00 left on a 31-month contract. How did Staff get to this point and not bring it to the Commissions attention before this meeting? Did this all get billed in the last two or three months?

Ms. Price stated the answer to that is definitely not.

Commissioner Sisolak stated okay, then the billings are at a rate of \$13,000.00 - \$14,000.00 per month for the first 17-months, correct?

Mr. Salo stated that it appears to be in that range, yes.

Commissioner Sisolak stated \$12,000.00 a month.

Mr. Beatty stated that he could answer that the first few months. The first billing was \$1,600.00, \$4,000.00, \$8,000.00, then \$11,000.00, \$12,000.00, so it built up in the first six months and has been constant since.

Commissioner Sisolak asked if the billing has been constant at \$12,000.00.

Mr. Beatty stated no, the billing has continued to go up to around \$15,000.00 and has stayed around that amount.

Commissioner Sisolak stated to get to the question that there is not enough money left, even with the increase, there are 31-months left to go on this contract. If the average billings are around \$15,000.00 per month which comes to a total of approximately \$460,000.00; we need left for the 31-months, and with the increase there is only \$260,000.00 left. There is not enough money with this increase. Unless there is going to be an enormous reduction in services to the tune of a third of what Ms. Price is doing now, there is not going to be enough money to pay the contract.

Ms. Price stated that she thinks the goal is to reduce the amount of services she is currently providing. That is why there is only a \$200,000.00 requested increase, because ultimately the work should reduce not increase. That is partly the goal.

Commissioner Sisolak asked if Staff has projected out for 31 more months how to allocate this remaining \$263,000.00.

Mr. Salo stated that he did not know the answer to Commissioner Sisolak's question, as he has not been personally involved in any projections. Typically Staff does attempt to look forward as to how much Staff will need to spend under any of these contracts, and

that affects the decision on whether or not to request an increase in the cap. But in this particular contract case, Mr. Salo cannot directly answer his question, as he was not-in-the loop of that discussion in this case.

Commissioner Sisolak stated that in his opinion; he is not questioning the quality of work, the necessity of having Ms. Price work for the Commission, or any of that.

Ms. Price stated that she appreciates that.

Commissioner Sisolak stated that he has heard good things about Ms. Price's work and appreciates the work that she is doing. Either the \$200,000.00 is way off base, if Ms. Price is going to continue the way she is billing now; the increase should be \$400,000.00 or else there needs to be a cut back in services by over half. He would like some answer as to what Staff's plan is.

Chairman Ogilvie stated to Mr. Salo, that this does not seem to be an item that the Commission needs to take action on today, is that correct.

Mr. Salo stated that he believes that is correct.

Ms. Price stated that there is a certain amount of funding left, the Commission's decision has to go to the Board of Examiners, where there is that timing to consider. It is somewhat of a timing issue. Without knowing the Board of Examiners schedule it may not be critical today.

Commissioner Sisolak stated that if this amount it not enough then be honest and say that the contract needs to be increased by \$400,000.00, assuming it would finish out the term of the contract.

Mr. Salo stated that he understands the importance of Commissioner Sisolak's comment.

Commissioner Sisolak stated that is the point he is trying to get at.

Chairman Ogilvie asked for input regarding timing.

Jennifer Crandell, Special Counsel Attorney General, stated that as Ms. Price mentioned there is enough funding to get through a few more months, so if the Amendment is brought to the Commission next month there should be enough time to get the contract to the Board of Examiners in adequate time.

Chairman Ogilvie stated that this item should be tabled until next month so that Staff can get the answers to Commissioner Sisolak's questions.

Mr. Salo stated that the termination of the contract is not near.

Commissioner Sisolak stated that the contract should be increased to the right amount and asked who arrived at the \$200,000.00 amount?

Ms. Crandell stated that the Executive Director Jayne Harkins came up with that amount.

Commissioner Sisolak stated that he needs an explanation to the amount of the increase.

Mr. Salo stated that as the Chairman suggested perhaps putting this item off for a month would allow Staff time to clarify this particular question from Commissioner Sisolak and the rest of the Commission.

Chairman Ogilvie tabled this item until the next Commission meeting.

<p>I. <i>For Information Only:</i> Status update on Staff's implementation of the provisions in the Hoover Power Allocation Act of 2011 (H.R. 470) passed by Congress.</p>

Craig N. Pyper, Hydropower Program Manager, provided a status update regarding the implementation of the provisions in H.R. 470 passed by Congress.

Mr. Pyper explained the Western Area Power Administration's (Western's) process of the implementation. Western has issued their allocations and also in conjunction with the Commission wanted to conduct an informal outreach meeting to provide information to Western's new allottees. On February 24, 2015, Staff held a meeting along with Western to introduce the new allottees that are receiving power allocations from Western to Western and the Commission. Western indicates the Hoover proposed contract from Commission Staff will be reviewed and Western will issue their proposed draft Hoover contract at the end of February or early March. Staff has not seen the contract but anticipates receiving it within the next week.

Staff has informed current customers, especially the utility customers, that their expertise and input will be requested regarding the new contracts. Staff will be communicating with current customers, and start negotiations with Western for the post 2017 Hoover contract once a copy of the draft Hoover contract is received.

Staff did post on March 9, 2015 a Notice and Request for Comments on Draft Commission Order Establishing Allocations of Power from the Post-2017 Resource Pool for the Boulder Canyon Project. Out of all of the applicants that submitted applications, the request from all applicants was for over 230 megawatts and the Commission only has 11½ megawatts to allocate. Staff did its best with the adopted Allocation Criteria to review the applications submitted and make recommendations based on the criteria.

The applicants may provide comments to Staff, regardless of whether they are proposed to receive an allocation from the Commission. The comments are due on April 8, 2015. The Commission is required by regulation to allocate Hoover power through this open and public process. Once comments are received, Staff may or may not ask to make

adjustments and is expected to present the Draft Order to the Commission at the May 2015 Commission meeting. Staff will have a hearing at that time to adopt the proposed order. Staff will provide to the Commission the proposed Draft Order, all comments that were submitted, and Staff's reply to the comments. By May 2015, Staff is looking to finalize this portion of the allocation process, and then will begin working on the contract and negotiation phase.

Mr. Pyper added along with the closing of the 2017 Hoover contracts, the federal Hoover power customers which include the Commission, City of Boulder City, Arizona Power Authority, and California customers, would like to have an audit performed on Western and the Bureau of Reclamation. A similar audit was done in 1987 after the close of the last contracts, and also in the 1990's before the Implementation Agreement was signed. The purpose of the audit would be to ensure that everything is accurate and closed in the books. There is a possibility that there may be money that has been paid into the current contract that could be refunded. The main purpose for the audit is to ensure everything is accurate and timely at the end of the contract. Staff has just begun preliminary discussion concerning the agreements, and will bring the discussions to the Commission in future meetings, to let the Commission know of other ongoing efforts.

Chairman Ogilvie stated that Mr. Salo had something to add.

Mr. Salo stated that he wanted to clarify that the audit that Mr. Pyper referred to will be performed on behalf of all of the current Hoover customers, it is not just the Commission seeking an audit. Basically, it is a close-out audit for the twenty year contract, with a look backward to ensure Western accounted for all revenues and costs and there is not something that needs to be adjusted.

Mr. Pyper clarified where Staff is in the Commission process by describing a Draft Schedule D Hoover Power Allocation Order that was sent out by Staff. The document that was sent out to the applicants for an allocation and other interested parties is a draft by Staff. A proposed order will be presented to the Commission after April 8, 2015, at the May 2015 Commission meeting. At this time Staff has not submitted the finalized Draft Order to the Commission and it is not before the Commission at this point for action. Under regulations, Staff is called upon to develop a Draft Order, submit the Draft Order for comment from the public and interested parties including the applicants. After the comment cycle has run its course and Staff has taken the appropriate steps, then a finalized Draft Order will be presented to the Commission for its consideration at the May 2015 meeting. Just to clarify where Staff is in the process.

Chairman Ogilvie stated that written comments from the public and all applicants are due by April 8, 2015.

Mr. Salo stated that is correct, that is the deadline for comments.

Chairman Ogilvie stated that he was sure that the Department of Corrections will submit their written comments to Staff regarding the confusion over the due date of the application.

Staff should pay particular attention to those comments and report back to the Commission on that specific issue.

Mr. Salo and Mr. Pyper stated that Staff will report back.

J. *For Information Only: 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.*

Warren Turkett, Natural Resource Group Analyst, provided a report on the following:

- Unregulated Inflow into Lake Powell as of March 9, 2015
- Storage Conditions as of March 9, 2015
- Reservoir Storage as of March 9, 2015
- Lake Powell End of Month Elevations based on February 2015, 24-month Study
- Lake Mead End of Month Elevation Projections based on February 2015, 24-month Study
- Precipitation – Colorado River Basin as of March 9, 2015
- Snow Conditions
- Colorado Basin Above Lake Powell 118 Sit Group
- U.S. West Drought Monitor
- U.S. Seasonal Drought Outlook
- Monthly Precipitation for February 2015
- Seasonal Precipitation, October 2014 – February 2015
- Monthly Precipitation, Las Vegas, NV as of January –February 2015
- Cumulative Precipitation, Las Vegas, NV as of January –February 2015
- Water Use in Southern Nevada as of January 2015

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

Commissioner Coffin asked at what level would the third straw pull water from?

Mr. Turkett answered the third intake tunnel can pull water from a depth of 860'. The third intake is currently joined with pumping station two until the third pumping station is finished. This allows the lower intake to be used for improved water quality and system redundancy, but the third intake can only be used as long as lake elevations are above 1000'. When the third pumping station is completed water can be pumped from 860' even if elevations continue to lower.

Commissioner Coffin stated that he is aware that there can be some controlling of Lake Mead's level because there are controls regarding the releases from Lake Powell. The projected levels for water year 2016 are still a long ways away from that, how are those numbers calculated for Lake Powell?

Mr. Turkett stated depending on the study, there are different inputs and usually for the most probable average hydrology is used. For the minimum and maximum the study uses a 75th and 25th percentile calculation.

Commissioner Coffin stated that it is a statistically prediction not based on any physical characteristics.

Mr. Turkett stated correct there is not a really good way to predict what the following year will be. There are fairly good guesses for the coming year due to snowpack and other streamflow modeling that go into this report. For the out year the average hydrology for the most probable is used, and the outlying comparisons are based on really bad hydrology data and really good hydrology data to have the outlying comparisons.

Commissioner Coffin requested that the Hydrologic report be sent before the Commission meetings or on the same day as the meeting. He asked how long are the Commission reports going to rely on McCarran Airport's (McCarran) precipitation totals for real records of rain happens in one spot or another and not at McCarran. Would the gauges at the weirs at the wash give a better indication of how much rain has fallen in the valley?

Mr. Turkett stated that is correct in the return flow calculations Staff does account and subtract the amount of rainfall out of those calculations because it is not considered Colorado River water, and the Commission cannot receive credit for the rainfall. In the past, Staff has included the data from McCarran. It can be removed if the Commission is not interested in the data. The data does have some correlations to the amount of water use that consumers would have if the valley does not receive precipitation.

Commissioner Coffin stated that he worries about the water moves around the valley which includes McCarran and when rain falls on the East, West and North sides of the valley, but if there is only credit for rainfall that is counted at McCarran as not against the consumptive use is that true?

Mr. Turkett stated that there is no credit for any rainfall.

Commissioner Coffin stated as compared to the weir measurements that Mr. Turkett had stated earlier, Staff subtracts out the totals.

Mr. Turkett stated that when looking at the totals reported for daily average streamflow for each day, and then comparing the monthly average to see if the totals deviate by any amounts beyond the daily totals, then it is considered rainfall and the difference is removed from the calculation. We benefit from the water because it wets the valley and then it flows into Lake Mead. But there is no return flow credit for the extra water.

Commissioner Coffin stated okay and thanked staff.

K. Comments 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 may be taken.)

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

L. Comments and questions from the Commission members.

Commissioner Sisolak stated that he had a concern that was brought to his attention. He did not know how many Commission members are aware that a Bill (Senate Bill 46) at the Legislature as it deals with compensation for CRC employees. It is his understanding that the board has not taken a position on this Bill. When Commissioner Sisolak was briefed he had concerns, if not objections, to the Bill, as they were relayed to him by the Southern Nevada Water Authority (SNWA), the agency he represents on the Commission. In spite of that, the Commission has taken a position on the Bill at the Legislature and used tax payer money to lobby for that passage and he has a real question about that.

Chairman Ogilvie stated okay.

Commissioner Sisolak stated does the Chairman want to make an agenda item regarding the Bill, or how would the Chairman want to deal with this. Commissioner Sisolak further stated that for one person to make a decision that the board is going to take a position that is contrary to the agency (SNWA) that the Commissioner represents, Commissioner Sisolak feels he should have an opportunity to voice his opposition in a public setting. The Commissioner stated that he is aware that when the Legislators, when testimony was given specifically asked if the board had taken a position; and in fairness the response was relayed as no, the board had not taken a position on the Bill. Being there is no vote the Commissioner feels that if there is going to be representation he would like this topic put on an agenda to have a Commission discussion at the next meeting.

Chairman Ogilvie stated okay, the discussion will be added to the next agenda.

Commissioner Coffin stated regarding on the same subject, he is aware of the Commission being briefed on the Bill, but does not remember being told by anyone at the SNWA that they were opposed to the Bill, that has to be fixed if Commissioner Sisolak had been told by the SNWA, as a member like Commissioner Sisolak, Commissioner Coffin was not told of any opposition.

Commissioner Sisolak stated that on three occasions he has been told that the SNWA has a problem with the Bill.

Commissioner Coffin stated that he did not know at the SNWA level, and does not know how that happened. It sounds like the communication between the two agencies needs to

improve; or at least the Commissioners need to be told by the Commission that by-the-way the SNWA board that he represents does oppose the Bill. That is the kind of discussion that needs to be brought to the Commissioners attention. That is the fair feedback that he suggests.

Chairman Ogilvie stated okay.

Commissioner McCoy stated that he was briefed by Mr. Entsminger from SNWA about Mr. Entsminger's feelings regarding the Bill; and Commissioner McCoy was briefed by Jayne Harkins before an agenda item that had been on a previous Commission's agenda, and passed on Mr. Entsminger's comments on to Ms. Harkins.

Chairman Ogilvie stated that he wanted to clarify that the Commission's Executive Director Jayne Harkins has not taken any action that the Chairman did not direct her to do, and understands Commissioner Sisolak's concerns and will talk about it. The Chairman wanted it to be clear that everything that Ms. Harkins has done, has been with the Chairman's understanding and approval.

Commissioner Sisolak stated okay and appreciates the Chairman's clarification. With due respect, then I guess you have to get into the statutory authority of the Chairman; if the Chairman can make direction without the rest of the Commission being aware of that direction. Because when Commissioner Sisolak has two individual Legislators calling him, saying is this his position on this Bill and the Commissioner has to say no, it is not his position; and then hearing about testimony being given, the Commissioner does not think that is fair. Commissioner Sisolak feels that he is put in a position now that he cannot adequately represent his agency; and relayed this to Ms. Harkins when this item was on an agenda, and explained to Ms. Harkins that the agency he represents is in opposition and then the item was pulled off the agenda. There was no further discussion about it until there is an appearance at the Legislature. Commissioner Sisolak heard from his agency and two Legislators, did you know that the Commission had taken a position on this. Commissioner Sisolak told them that he did not know that the Commission had taken a position on this.

Chairman Ogilvie stated okay the Commission would talk about it.

M. Selection of the next possible meeting date.
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The next meeting is tentatively scheduled for 1:00 p.m. on Tuesday, April 14, 2015, at the Clark County Commission Chambers, 500 South Grand Central Parkway, Las Vegas, Nevada.

N. Adjournment.

The meeting adjourned at 2:14 p.m.

Jayne Harkins, P.E., Executive Director

APPROVED:

George F. Ogilvie III, Chairman