

The meeting was held at 3:00 p.m. on Thursday, April 23, 2015 at the City of Las Vegas City Hall, Council Chambers, 495 South Main Street, 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 ATTORNEY GENERAL

Special Counsel, Attorney General	Ann C. Pongracz
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COMMISSION STAFF IN ATTENDANCE

Executive Director	Jayne Harkins
Deputy Executive Director	James D. Salo
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
Natural Resource Analyst	Jason Thiriot
Senior Accountant	Gail L. Benton
Senior Energy Accountant	Richard M. Sanders
Office Manager	Judy K. Atwood
Administrative Assistant III	Carol L. Perone
Administrative Assistant II	Susan Gomez
Administrative Assistant II	Gina Goodman
Administrative Assistant II	Rebecca Suafoa

OTHERS PRESENT; REPRESENTING

Piercy Bowler Taylor & Kern	Richard Bowler
Southern Nevada Water Authority	John Entsminger
Southern Nevada Water Authority	Julie Wilcox
Southern Nevada Water Authority	Marc Jensen
Southern Nevada Water Authority	Scott Krantz
Southern Nevada Water Authority	Jordan Bunker
Nevada Department of Corrections	Kent LeFevre
University of Nevada Las Vegas	Don Land

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OF NEVADA
MEETING OF APRIL 23, 2015**

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The Colorado River Commission meeting was called to order by Chairman Ogilvie at 3:03 p.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Executive Director Jayne Harkins 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.)

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

C. For Possible Action: Approval of minutes of the March 10, 2015 meeting.

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

D. For Possible Action: Acknowledgment of Administrative Professional's Day.

Ms. Harkins acknowledged the support of the administrative professionals that work for the Colorado River Commission of Nevada (Commission). Administrative Professional's Day was nationally recognized on Wednesday, April 22, 2015.

National Professional Secretaries Week and National Secretary's Day were created in 1952 through the work of Harry F. Klemfuss of Young and Rubicam. Mr. Klemfuss recognized the importance and value of the position to companies and businesses. The name of this special day has evolved over the past few decades to become Administrative Professional's Day.

Current Commission Administrative Professionals:

- Judy K. Atwood, Office Manager, began her career with the Commission on December 4, 2002.
- Brenda L. Haymore, Administrative Assistant 4, began her career with the Commission on October 28, 1985.
- Gina L. Goodman, Administrative Assistant 2, began her career with the Commission on April 19, 2007.
- Carol L. Perone, Administrative Assistant 3, began her career with the Commission on August 27, 2007.
- Susan Gomez, Administrative Assistant 2, began her career with the Commission on December 15, 2014.

The Commission expressed appreciation to the administrative professionals and presented a plaque to each.

The Commission welcomed new employee, Rebecca Suafoa, Administrative Assistant 2, who began her career with the Commission on April 20, 2015.

E. For Information Only: Presentation by Erika Moonin, Engineering Project Manager, Southern Nevada Water Authority, on the Lower Lake Level Pumping Station (L3PS) Project.

Presentation was provided by Mr. Marc Jensen, Director of Engineering of the Southern Nevada Water Authority, on the Lower Lake Level Pumping Station (L3PS) Project. Reported on the following:

- Drought Impacts
- Intake No. 3 Project Objectives
- Challenges
- Lake Mead Intake No. 3 (Current Progress)
- Isolation Gate
- Connector Tunnel Completed drive June 2013
- Under Lake Components
- Shaft
- Tunnel Boring Machine (TBM)
- TBM Positioned at Tunnel Face
- Beginning of TBM – Excavated Tunnel
- Looking Back From Tail of TBM
- 2013/2014 TBM Repairs
- Intake Structure
- Assembled Intake Structure Conveyed to Intake Site
- Intake Structure Plug
- Successful Dock of TBM with Intake Structure (December 10, 2014)
- Pumping Station for Intake No. 3
- Low Lake Level Pumping Station
- L3PS Substation
- Proposed Design & Construction Schedule

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

Chairman Ogilvie thanked Mr. Jensen for the presentation and asked what was happening with the tunnel boring machine.

Mr. Jensen replied that the boring machine has been disassembled and some parts sent back to the manufacture in Germany and other parts have been scrapped.

Chairman Ogilvie asked the cost of the boring machine.

Mr. Jensen replied \$25 million.

Commissioner McCoy commented that the boring machine had broken through the intake structure, oddly enough, at the beginning of the December Southern Nevada Water Authority (SNWA) Board meeting and was told that was a coincidence.

Commissioner Coffin commented that he agreed that was a coincidence because the SNWA Board was voting on charges that the consumers were going to have to pay for that particular pump. He also remarked on the precision of the boring machine which hit its target, within a millimeter, after 3 miles of blind boring. Commissioner Coffin advised individuals to tour the tunnel if given the opportunity.

Commissioner Coffin also commented that his hope was that tunnel marker 134 would be named after the late Tom Turner, a laborer who lost his life during the construction of the tunnel.

Chairman Ogilvie asked if the new pumping station is designated "L3PS".

Mr. Jensen replied that it is the Lower Lake Level Pumping Station.

Chairman Ogilvie asked how many pumps were planned.

Mr. Jensen answered that 34 total pumps are planned.

Chairman Ogilvie asked if qualified pump suppliers had been chosen.

Mr. Jensen replied no, SNWA currently is evaluating two potential manufacturers but suppliers had not yet been chosen.

F. *For Possible Action:* Consideration of and possible action to approve Amendment No. 2 to the engineering services contract between Burns & McDonnell Engineering Company, Inc. and the Commission.

Robert Reese, Assistant Director of Engineering and Operations, provided background for the Commission's consideration of the possible action to approve Amendment No. 2 to the engineering services contract between Burns & McDonnell Engineering Company, Inc. (Burns & McDonnell) and the Commission.

The Commission owns, operates and maintains a high-voltage transmission and distribution system to provide electrical services for its water pumping and industrial power customers, which include, among others, the SNWA, the Clark County Water Reclamation District (CCWRD) and the Basic Substation Project. The Commission also is responsible for the operation and maintenance of six additional substations owned by the SNWA and three owned by the CCWRD.

The Commission's in-house engineer performs the routine engineering support functions. However, the Commission occasionally requires additional engineering support for its operation

and maintenance and capital improvement functions and needs an engineering firm to assist with special projects.

Areas of expertise required periodically include civil engineering for foundation, grading and structural design; communication engineering for assistance with the Commission's fiber optic and microwave radio communication system; and system studies. On a less frequent basis, the Commission requires expertise in environmental engineering and structural engineering.

Recent special projects that required engineering work have included two phases of the Boulder City Bypass Project, with its unique environmental concerns and requirements. Remediation costs associated with those environmental issues have been higher than anticipated.

Future projects include the upcoming Lower Lake Level Pumping Station (L3PS) Substation Project and a proposed solar project, both in development with the SNWA. The projects require plan development, preliminary engineering work and the preparation of designs, specifications and construction documents.

Costs for the necessary engineering work for the projects will require an increase to the contract total. This amendment proposes to increase the contract amount by \$300,000.00 to a not-to-exceed total of \$1,050,000.00 over the term of the contract. Work under the agreement must be authorized by Commission staff as needed through the development and execution of written task authorizations. The total combined value of task authorizations under this agreement shall not exceed the contract total.

Burns & McDonnell was selected to provide the engineering services for these special projects through a Request for Proposal (RFP) process carried out by Nevada State Purchasing.

Burns & McDonnell has proven itself well qualified and fully capable of providing the necessary engineering support to the Commission. Staff recommends approval of this amendment.

Commissioner Sisolak commented there are several contracts being considered today with significant adjustments. He stated that the pumping stations and the intakes were not included at the time the contract estimates were determined. There are significant increases of 30 - 50% more, can you explain why there are so many of them?

Mr. Reese replied that is correct. When the RFP for the engineering contract was done, Staff was not sure of the timing of L3PS. The RFP included future work for smaller projects and two big projects that took tremendous amounts of resources and funding for this contract. The big projects included the two phases of the Boulder City Bypass Project and the majority of the funds expended were funded by the Nevada Department of Transportation and the Regional Transportation Commission of Southern Nevada. Now the L3PS project is moving forward and will be appropriated to SNWA.

Commissioner Sisolak asked if that is the same reason why the other contracts being considered were so underestimated.

Mr. Reese replied yes. Staff evaluates the projects as they are envisioned by our customers, along with current projects on the books, and allocates the appropriate funds for those projects. In preparing estimates, Staff tries not to expand the authority for these projects and manages them the best way possible. For example, the material contracts being considered today include components that can become very expensive. It is challenging for Staff to determine an exact amount of dollars, since the Commission's customers may present a request at any given time. Staff tries to manage these contracts and have a reasonable amount of dollars in place.

Vice Chairman Miller moved to approve Amendment No. 2 to the engineering services contract between Burns & McDonnell Engineering Company, Inc. 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 Contract No. SA-15-02 for Substation Automation System Support Services between Schneider Electric USA, Inc. and the Commission.

Mr. Reese provided background information for the Commission's consideration of the contract for Substation Automation System Support Services with Schneider Electric USA, Inc. (Schneider Electric).

In December 2003, the Commission entered into a contract to provide systems support services for a business enterprise system that allows the Commission and its customers who receive electric service from the Commission facilities, to manage the procurement of electric energy, including scheduling and accounting more efficiently by the rapid dissemination of real-time metering data. These support services included programming, troubleshooting and modifying software and hardware associated with the energy meters and software as required for routine operation and maintenance.

Previously, the Commission has received these systems support services from Schneider Electric. Rather than amend the contract again, Staff began the process of developing a new contract for the services. Due to the proprietary nature of the meters and software used in the Power Delivery facilities, Staff initiated a Solicitation Waiver process in accordance with Nevada State Purchasing guidelines.

The Nevada State Purchasing Solicitation Waiver or Sole Source process omits the Request For Proposals process when, as in this instance, proprietary hardware and software are involved. As noted in the Solicitation Waiver, "Selecting another vendor would require removing and replacing 100+ meters and the operating software, which is not operationally or economically feasible, and the Commission's metering and data collection system would no longer be compatible with the local utility, NV Energy." The Solicitation Waiver was approved by the Administrator of the Nevada State Purchasing Division.

The contract for Commission consideration with Schneider Electric is an enabling-type contract that allows the Commission's operation and maintenance staff to receive support from Schneider Electric on an as-needed basis for certain tasks and software support. Work under the agreement

will be authorized by Commission staff as needed through the development and execution of written task authorizations.

The contract proposes to retain the services of Schneider Electric for a contract term of four years, upon Board of Examiners' approval, anticipated to be June 9, 2015. The total combined value of task authorizations under this agreement shall not exceed \$350,000.00 over the term of the contract.

Commissioner Premsrirut moved to approve Contract No. SA-15-02 for Substation Automation System Support Services between Schneider Electric USA, Inc. and the Commission. The motion was seconded by Vice Chairman Miller and approved by a unanimous vote.

H. *For Possible Action:* Consideration of and possible action to approve Amendment No. 1 to Contract SA-12-01 for Substation Automation System Support Services between Schweitzer Engineering Laboratories, Inc. and the Commission.

Mr. Reese provided background information for the Commission's consideration of the contract for Substation Automation System Support Services with Schweitzer Engineering Laboratories, Inc. (Schweitzer Engineering).

The Commission's 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 SNWA, the CCWRD, 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 troubleshooting, programming and modifying the computer systems associated with the automation system. These services include updating of Human-Machine Interface (HMI) screens and 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 June 12, 2012, the Commission approved Contract No. SA-12-01 with Schweitzer Engineering 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 Schweitzer Engineering in order to enable the Commission and its electric customers to continue to benefit from Schweitzer Engineering's proprietary software and to avoid the additional costs that would result from obtaining these services from a different contractor.

The proposed amendment extends the term of the contract for an additional four years to June 30, 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 Schweitzer Engineering 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 Sisolak asked if Staff checks whether the three funding partners support all of these increases.

Mr. Reese replied yes. The Commission has three operating funding agencies; SNWA, CCWRD, and Basic Industry Management customers. Staff prepares an annual budget; and anticipates any cost that would occur at that time for budgeting purposes.

Commissioner Sisolak commented his appreciation to Staff in the consideration of the funding agencies input since it is extremely important; and for that reason, he can support it.

Commissioner McCoy to approve Amendment No. 1 to Contract SA-12-01 for Substation Automation System Support Services between Schweitzer Engineering Laboratories, Inc. and the Commission. The motion was seconded by Commissioner Kelley and approved by a unanimous vote.

I. *For Possible Action:* Consideration of and possible action to approve Amendment No. 2 to Contract SA-13-01 for Transmission and Distribution System Support Services between PAR Electrical Contractors, Inc. and the Commission.

Mr. Reese provided background information for the Commission’s consideration of Amendment No. 2 to the contract for Transmission and Distribution System Support Services with PAR Electrical Contractors, Inc. (PAR).

Experience has shown that most of the operation and maintenance functions that are performed regularly or on a frequent basis for the Commission’s power and water pumping customers can be performed efficiently and economically by Commission staff. However, certain functions are more effectively performed utilizing the services of support contractors. These functions are: (1) infrequent work requiring specialized tools, equipment or expertise; (2) emergency restoration work requiring the availability of an abundance of manpower and equipment; and (3) improvement or replacement projects that require a short-term increase in manpower and equipment.

In 2013, the Commission approved a contract for provision of electric support services with a local company, PAR, following a RFP process. That contract is an enabling type contract that allows the Commission’s operations and maintenance staff to receive support from PAR on an

as-needed basis for certain tasks that cannot be efficiently performed with existing Commission personnel. Work is authorized by Commission staff as needed through the development and execution of written task authorizations.

The contract with PAR provides a mechanism under which the Commission can provide emergency repairs, and construction and maintenance related services to its power and water pumping customers without performing a lengthy RFP process in each instance. An example of recent work performed by PAR pursuant to a task authorization included Phase 1 of the Boulder City Bypass Project, and the installation of new high-speed power circuit breakers and more sophisticated relaying systems for pumping plants 3, 4, 5 and 6. Upcoming work includes installation of a breaker for the CCWRD at its Advanced Wastewater Treatment Plant, and may include a proposed solar project and the L3PS Substation Project, both on behalf of the SNWA.

Since 2013, PAR has proven that it is well qualified and fully capable of providing the support services necessary to the Commission's provision of electric facilities operation and maintenance.

Amendment No. 2 for Commission consideration proposes to increase the contract amount by \$300,000.00 to a not-to-exceed total of \$900,000.00 over the term of the contract. The additional funds are needed to carry out the necessary services for the Commission's customers. Staff recommends approval of this amendment.

Commissioner Sisolak moved to approve Amendment No. 2 to Contract SA-13-01 for Transmission and Distribution System Support Services between PAR Electrical Contractors, Inc. and the Commission. The motion was seconded by Commissioner McCoy and approved by a unanimous vote.

<p>J. <i>For Possible Action:</i> Consideration of and possible action to approve Amendment No. 1 to Contract SA-13-03 for Materials Purchasing Services between HD Supply Power Solutions, Ltd. and the Commission.</p>

Mr. Reese provided background information for the Commission's consideration of the Amendment No. 1 to the contract for Materials Purchasing Services with HD Supply Power Solutions, Ltd. (HD Supply).

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 October 8, 2013, Contract No. SA-13-03 with HD Supply 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-13-03 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.

HD Supply has provided excellent service for the PDG's materials purchasing needs; therefore, Staff recommends the Commission approve Amendment No. 1 to Contract No. SA-13-03 with HD Supply and authorize the Executive Director to sign it on behalf of the Commission.

Commissioner Sisolak moved to approve Amendment No. 1 to Contract SA-13-03 for Materials Purchasing Services between HD Supply Power Solutions, Ltd. and the Commission. The motion was seconded by Commissioner McCoy and approved by a unanimous vote.

Chairman Ogilvie requested Mr. Reese to provide a presentation of all vendors that are currently contracted through the Power Delivery Group and what they do.

Mr. Reese agreed to provide a presentation reviewing the vendors and their roles, capabilities, and why we need them.

K. *For Possible Action:* Consideration of and possible action to approve Amendment No. 1 to Contract for Services of Independent Contractor between Sara A. Price, Esq. and the Commission.

Ms. Harkins provided background information for the Commission's consideration of the Amendment No. 1 to the contract, which was deferred from the Commission meeting in March.

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.

In December 2013, 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. The Executive Director directed Ms. Price to represent the Commission in these negotiations because of the sensitivity of the issues and given Ms. Price's extensive background on Colorado River matters and her 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 Ms. Price's expertise. These assignments were more extensive than Ms. Price's routine contracted work and accordingly increased her hours of service and compensation. Additionally, Ms. Price has temporarily assisted with work in the Natural Resources Group as a result of the departure of the Manager of the Natural Resources Group.

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 \$310,000.00 for a total not-to-exceed of \$580,000.00 with a locked in reduced hourly rate of \$262.50 per hour for the remainder of the contract. Staff estimates that the months of March, April and May of 2015 will require work at a cost of \$15,000.00 per month, which will be covered by the amounts that remain on the initial Contract. Subsequently, Staff estimates that four months of the remaining term of the contract will require additional work with an estimated cost of \$20,000.00 per month, and that the following 23 months will require work with an estimated cost of \$10,000.00 per month.

Commissioner Sisolak asked if Staff had looked into bringing this position in-house.

Ms. Harkins responded that the intent is to go back out and continue to look to replace the Staff member who the Commission lost over year ago, and bring some of the work back in-house. It is believed that not all of the work would be brought back in-house, and Staff would like to continue to have Ms. Price work on contract with the Commission on a number of issues.

Commissioner Sisolak moved to approve No. 1 to Contract for Services of Independent Contractor between Sara A. Price, Esq. and the Commission. The motion was seconded by Commissioners McCoy and Premrirut and approved by a unanimous vote.

L. For Possible Action: Consideration of and possible action to approve Amendment No. 1, in accordance with the previously approved option to renew, to Contract Number 3048 between Piercy Bowler Taylor & Kern and the Commission for accounting and auditing services.

Gail L. Benton, Senior Accountant, provided background information for the Commission's consideration of the Amendment No. 1 to the contract.

In February of 2013, Staff requested that the Purchasing Division of the State Department of Administration conduct an RFP for audit and accounting services for the Commission's books and records. The Purchasing Division, in accordance with their regulations and with input from Staff, conducted the RFP and developed a contract with Piercy Bowler Taylor & Kern. The RFP contemplated a four year contract, with an initial two year period authorized and a renewal provision for two years in accordance with the Purchasing Division's regulations. The original contract amount was set at the total amount required for a four year period. Each year's billings are not-to-exceed \$65,320.00. Contract billings have been within the annual cap each year to date.

The contract was approved by the Commission at its May 14, 2013 meeting, and was authorized by the Board of Examiners at their July 2013 meeting.

Piercy Bowler Taylor & Kern have successfully completed the work required under the contract for the past two years and continue to meet expectations with regard to their performance. Both Commission staff and the State Controller's office personnel have been satisfied with work product and deliverables.

Commissioner Sisolak moved to approve Amendment No. 1, in accordance with the previously approved option to renew, to Contract Number 3048 between Piercy Bowler Taylor & Kern and the Commission for accounting and auditing services. The motion was seconded by Commissioner McCoy and approved by a unanimous vote.

M. For Possible Action: Consideration of and possible action to approve a Contract for Services of Independent Contractor between Charles Reinhold, d.b.a. Electric Resources Strategies, Inc. and the Commission.

Craig N. Pyper, Hydropower Program Manager, provided background information for the Commission's consideration of the contract with Charles Reinhold, d.b.a. Electric Resources Strategies, Inc.

On July 14, 1998, the Commission originally contracted with Electric Resource Strategies, Inc., for Independent Contractor Engineering services related to electrical power resources generated and marketed by the federal government. This included both hydropower generation projects owned and operated by the U.S. Bureau of Reclamation and the transmission projects owned and operated by the Western Area Power Administration.

The original agreement was for three years with a total not-to-exceed limit of \$225,000.00. In July of 2001, the agreement was extended to June 30, 2003, and services expanded to include the development of electrical power facilities by the Commission and the SNWA. Over the course of several contract terms, the contract has been extended until June 30, 2015. The original not to exceed limit of \$225,000.00 has never been increased.

This current Contract provides for the State's current contract requirements for an Independent Contractor for Engineering Services along with a term of three years, to June 30, 2018, and a not-to-exceed amount of \$75,000.00.

Charles Reinhold, d.b.a. Electric Resources Strategies, Inc. (Contractor) has offered exceptional services during the entire term of all agreements. The Contractor will be able to provide engineering expertise in analyzing the different federal hydropower and transmission project annual 10 Year Plans and advise the Commission as to their impacts to the Commission and its hydropower customers.

Chairman Ogilvie asked how much of the \$225,000.00 in the original agreement was paid out.

Mr. Pyper replied the contract had been extended from 1999 to present and never exceeded the \$225,000.00 cap. He said it is close but he does not have exact figure. The new contract being presented for the Commission's consideration is for \$75,000.00 during this term.

Chairman Ogilvie questioned the reason for the anticipated need for an annual increase when considering the Commission paid an approximate total of \$225,000.00 over 15 years.

Mr. Pyper replied that Staff took a worst case scenario to avoid coming back to the Commission for additional funding. It is anticipated that in the last year or so of the contract the services of the Contractor will not be needed as much. At present, due to Hoover related issues, Staff is relying on Mr. Reinhold more as Western Area Power Administration (Western) has geared up on several transmission projects. Staff has concerns and are asking Mr. Reinhold to take a look at those projects and get more information. The projects will affect the Parker-Davis transmission rate and will impact Parker-Davis customers. The Hydropower Group is understaffed and need the extra assistance.

Chairman Ogilvie asked if the cost of this contract will be borne by the Commission's Hydropower customers.

Mr. Pyper replied yes, and the contract is currently reflected in the budget.

Commissioner Sisolak stated he can support the contract; however the concern is that at the end of this contract it is a 20 year contract. At some point, the Commission needs to consider rebidding the contract. He commented that Clark County does not go over 5 years for any contract without re-bidding.

Chairman Ogilvie inquired how much effort would be required, and what would be jeopardized if Staff is directed to place the contract out to bid.

Mr. Pyper replied that Staff had some people make inquiries knowing the Commission's position. Most of the consultants who do this type of work regarding Hydropower are based in Arizona and have relationships such as Arizona Power Authority and other customers. Some Bureau of Reclamation retirees have discussed with Staff their willingness to help out with the Commission. These individuals, however, are requesting a minimum amount of work and to have a continual active part, not work on as needed basis. Costs likely would be higher.

Ms. Harkins clarified that the question asked was what would be the ramification if Staff spent 3 or 4 months going through an RFP process, and does Staff need Mr. Reinhold within that time frame.

Mr. Pyper replied the only pressing issue is regarding Western's Southline Transmission Project. Staff could go out for bid on the contract if that is what the Commission desired. However, the Commission may lose the opportunity to have Mr. Reinhold as a bidder.

Commissioner Premsrirut queried if submitting this RFP would break some continuity in services; and whether Mr. Reinhold is currently working on subject matter that would require someone else to ramp up for that knowledge.

Mr. Pyper expressed concern that Mr. Reinhold has agreed to extend this contract for the next three years; and afterwards Mr. Reinhold has said he will not be doing this type of work.

Commissioner Sisolak moved to approve a Contract for Services of Independent Contractor between Charles Reinhold, d.b.a. Electric Resources Strategies, Inc. and the Commission. The motion was seconded by Commissioner Premsrirut and was approved by a unanimous vote.

<p>N. <i>For Possible Action:</i> Consideration of and possible action to approve Amendment No. 8 To Contract between Duncan, Weinberg, Genzer & Pembroke, P.C. and the Commission.</p>
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James D. Salo, Deputy Executive Director, provided background information for the Commission's consideration of the Amendment No. 8 to the contract.

Since August 2003, the Commission has utilized the services of Duncan, Weinberg, Genzer & Pembroke, P.C., of Washington, D.C. (Duncan Weinberg) to provide needed outside legal services and representation before the Federal Energy Regulatory Commission (FERC). The Commission also utilized the services of the Duncan Weinberg firm with great success under an earlier contract during the 1980's when the first renewal of the original Hoover Dam hydropower contracts was addressed by Congress and federal agencies.

Experience has shown that the Commission may be required to be actively represented before FERC with very short notice, and that potential conflict or other causes may preclude the Commission from utilizing the services of Stinson Leonard Street LLP, its primary legal counsel in matters before FERC. This is an area of legal specialization not available to the Commission through the Attorney General's office. Due to the State-mandated approval process for outside

services contracts, it can be virtually impossible to enter into a new contract for outside legal services on short notice when the need is immediate.

Currently, the maximum aggregate limit on compensation under the Duncan Weinberg contract already approved by the Board of Examiners is sufficient to cover any reasonably anticipated costs for legal services from that firm for the foreseeable future.

It is staff's recommendation that this contract be extended beyond its present termination date of June 30, 2015, to allow for the use of Duncan Weinberg's services in FERC-related matters on an as-needed basis.

It is important to note that the Duncan Weinberg contract is enabling in nature only, and that further services from this law firm will be provided only upon the specific request of the Executive Director. It was noted that since there is no minimum payment or retainer required, the Commission retains full control over the level of expenditures to be incurred under the contract. Staff has worked closely with Duncan Weinberg for many years and finds its legal services to be of a high quality as well as prompt and responsive.

The Amendment extends the term of Duncan Weinberg's contract for two years from June 30, 2015, to June 30, 2017, and authorizes the Commission's Executive Director to approve adjustments to the hourly rates set forth in Exhibit 2, at hourly rates up to ten (10) percent higher than those shown therein, provided that no more than one such increase is approved per year, and that the total amount paid is less than the maximum aggregate cost of services already approved for Duncan Weinberg's services to the Commission by the Board of Examiners.

This contract was entered into the early 2000's when the agency was faced with two major litigation situations. One was before FERC, the so called "Show Cause" proceedings that was initiated by FERC; and the other was between the Commission and Nevada Power over some power related issues. Both of those cases expected to run for many years, before they would be resolved with appeals and so forth. As it turned out, the Commission was able to settle both cases after a few years of active litigation; therefore the not-to-exceed amount was not reached. There is a balance of \$347,000.00 left and there is no need to seek an increase at this point.

Chairman Ogilvie commented that the Commission may never spend this money; and will be safe guarded against potential conflict.

Mr. Salo replied that is correct.

Commissioner Sisolak commented that this is on an as-needed basis, and asked about a retainer paid in order to represent the Commission. He noted that Clark County typically pay retainer fees for a commitment to provide representation.

Mr. Salo said that the Commission is well-served by this firm and the firm that was approved last month. Both contracts are enabling contracts, neither one of the firms charge a retainer of any kind. The Commission is billed when Staff asks for work on a specific project and the rates are competitive.

Commissioner Sisolak moved to approve an Amendment No. 8 to Contract between Duncan, Weinberg, Genzer & Pembroke, P.C. and the Commission. The motion was seconded by Vice Chairman Miller and approved by a unanimous vote.

O. *For Possible Action:* Consideration of and possible action to ratify the Petition for Leave to Intervene (PLTI) filed in Docket No. ER15-1196 on behalf of the Commission on April 6, 2015 in the Federal Energy Regulatory Commission (FERC) proceeding considering NV Energy’s proposed amendment to its Open Access Transmission Tariff (OATT) to provide for voluntary participation in the California Independent System Operator (CAISO) Energy Imbalance Market (EIM).

Gail A. Bates, assistant Director of Energy Services, provided background information to the Commission on the PLTI.

On March 6, 2015, Nevada Power Company and Sierra Pacific Power Company, collectively d/b/a NV Energy, filed an application with the FERC requesting approval of certain amendments to their Open Access Transmission Tariff (OATT) to facilitate their participation in the CAISO EIM on October 1, 2015.

The CAISO EIM is a voluntary, five-minute balancing market. In an EIM, participants are able to commit their excess generation into the EIM and, in return, acquire imbalance energy from the EIM. The Commission staff has participated in several informal EIM workshops and has had several discussions with NV Energy concerning the impact of the EIM on Nevada Power’s utilization of the hydropower which it obtains from the Commission. Staff is continuing to explore these issues with NV Energy.

The Commission has a statutory duty under Nevada Revised Statutes 538.161(2) to ensure that the Hoover power it provides to Nevada Power and other Hoover contractors is utilized “for the greatest possible benefit to this state”. Therefore, the Commission has a direct and substantial interest in participating in this proceeding to obtain information regarding the impact of EIM on the Hoover resource.

The Commission has a direct and substantial interest in these proceeding which cannot be adequately protected by any other party. Accordingly, the Commission staff filed the PLTI on April 6, 2015, the deadline set by the FERC for intervention. Staff requests that the Commission ratify the PLTI filed on April 6, 2015.

Chairman Ogilvie inquired on how much notice did we receive regarding this need to intervene and why did it not get presented on the agenda last month.

Ann Pongracz, Special Counsel, Attorney General, clarified the dates. The filing by NV Energy was on March 6, 2015; and the Commission meeting was on March 10, 2015. Staff would not have been able to meet the briefing schedule for the March meeting, and were not able to complete the process of analyzing whether to participate or not prior to the meeting.

Commissioner McCoy moved to ratify the Petition for Leave to Intervene (PLTI) filed in Docket No. ER15-1196 on behalf of the Commission on April 6, 2015 in the Federal Energy Regulatory Commission (FERC) proceeding considering NV Energy's proposed amendment to its Open Access Transmission Tariff (OATT) to provide for voluntary participation in the California Independent System Operator (CAISO) Energy Imbalance Market (EIM). The motion was seconded by Vice Chairman Miller and approved by a unanimous vote.

P. *For Possible Action:* Consideration of and possible action to ratify the Petition for Leave to Intervene (PLTI) filed in Docket No. 15-03001 on behalf of the Commission on April 1, 2015 in the Public Utilities Commission of Nevada (PUCN) proceeding considering NV Energy's request for approval of an Indefinite Joint Dispatch Agreement (IJDA).

Ms. Bates provided background information to the Commission on the PLTI.

On March 2, 2015, Nevada Power Company and Sierra Pacific Power Company, collectively d/b/a NV Energy, filed an application with the PUCN requesting approval of an Indefinite Joint Dispatch Agreement (IJDA). The IJDA is intended to replace the currently effective Interim Joint Dispatch Tariff which terminates on December 31, 2015.

The IJDA proposed for PUCN approval in this proceeding is a long-term agreement between the Nevada Power and Sierra Pacific Power operating companies of NV Energy, which contains accounting mechanisms and cost and benefit allocations that are used to jointly dispatch these companies' power resources using the One Nevada Transmission Line (On-Line). If approved, the IJDA will formalize the accounting mechanisms and allocations currently in effect under the existing Interim Joint Dispatch Agreement, and will extend those mechanisms and allocations to transactions which will occur between NV Energy and the California Independent System Operator (CAISO) Energy Imbalance Market (EIM).

The Commission staff has participated in several informal IJDA and EIM workshops and has had several discussions with NV Energy concerning the impact of the IJDA on Nevada Power's utilization of the hydropower which it obtains from the Commission. Staff is continuing to explore these issues with NV Energy.

The Commission has a statutory duty under Nevada Revised Statutes 538.161(2) to ensure that the Hoover power it provides to Nevada Power and other Hoover contractors is utilized "for the greatest possible benefit to this state". Therefore, the Commission has a direct and substantial interest in participating in this proceeding to obtain information regarding the impact of the IJDA on the Hoover resource.

The Commission has a direct and substantial interest in these proceedings which cannot be adequately protected by any other party. Accordingly, the Commission staff filed the PLTI on April 1, 2015, the deadline set by the PUCN for intervention. Staff requests that the Commission ratify the PLTI filed on April 1, 2015.

Commissioner Sisolak questioned if work is being performed by in-house counsel.

Ms. Bates replied in-house counsel is being used for the PUCN docket. There will be some small expenditures, more than likely, with the FERC docket since there will be a need to utilize specialized FERC counsel.

Commissioner Sisolak questioned how much is considered a small expenditure.

Ms. Bates replied less than \$20,000.00 will be spent for the FERC docket, and in-house counsel will be used for the PUCN docket.

Chairman Ogilvie clarified that Staff determined the Commission should intervene before the request for approval was brought to the board.

Ms. Pongracz noted, this is an opportunity for us the Commission to protect its savings achieved through using Stinson Leonard Street LLP, Mr. Silverstein's services, last year which resulted in savings of \$250,000.00 per year for the Commission's customers, including SNWA and its member agencies. In the FERC docket, the Commission needs to participate to maintain those savings for our customers. The PUCN docket is addressing much more limited issues, which is how will the Nevada Hoover resources be utilized in this "new world" of the EIM and Regional Energy Markets. The low legal cost is in-house counsel working with Ms. Bates and Mr. Pyper and a limited amount of analytical resource that may be used under the existing Exeter Associates, Inc. contract.

Vice Chairman Miller moved to ratify the Petition for Leave to Intervene (PLTI) filed in Docket No. 15-03001 on behalf of the Commission on April 1, 2015 in the Public Utilities Commission of Nevada (PUCN) proceeding considering NV Energy's request for approval of an Indefinite Joint Dispatch Agreement (IJDA). The motion was seconded by Commissioner McCoy and approved by a unanimous vote.

Q. For Possible Action: Consideration of and possible action to authorize Staff to join with other federal Hoover contractors in California and Arizona, in execution of a resolution authorizing the U.S. Bureau of Reclamation to release \$1.5 million in the FY 2016 Prior Year Carryover balance to fund a joint audit of financial records of the U.S. Department of Reclamation for the Boulder Canyon Project in light of the contract ending in 2017.

Mr. Pyper provided background information to the Commission on the resolution.

With the expiration of the current Boulder Canyon Project (Hoover) contract on September 30, 2017, the current federal Hoover contractors in Nevada, California and Arizona, along with the U.S. Bureau of Reclamation, are considering an end of contract close-out audit of the Projects financial records. The federal contractors believe that it is necessary to perform an audit of the Hoover-related financial records of both U.S. Department of Reclamation (Reclamation) and Western in an effort to ensure the post 2017 Hoover contract starts from a fresh, clean and accurate financial position and that the repayable advances to be charged to the new Hoover Schedule D contractors are accurate and independently validated. Similar audits were performed in the 1990's prior to the finalization of the Boulder Canyon Project Implementation Agreement.

The Commission has begun discussions with the other current federal contractors regarding this audit; and it is the desire of the current federal contractors to begin this audit as soon as possible. The funding of the audit was one of the first issues addressed by the federal contractors. Since there is over \$10 million in prior year carry forward that Western is applying to the FY 2016 Hoover Base Charges, the federal contractors explored the possibility of diverting some of this carry forward to pay for this audit, for the benefit of the federal contractors. This redirection of funds would reduce the carry forward being applied to the 2016 Base Charges but would not require the federal contractors to find funds during their current budget cycle. The amount to be diverted from the carry forward equals the estimated cost of the audit, of between \$1 and \$1.5 million.

At the request of the federal contractors, a RFP for auditing services has been published by the Southern California Public Power Authority (SCPPA) on April 1, 2015 with responses due by April 22, 2015. The federal contractors have formed an Audit Committee to review these proposals and will then make a recommendation to the Hoover Engineering and Operating Committee (EOC), of which the Commission is a part of.

The federal customers are also in discussions on an agreement between the federal Hoover contractors and SCPPA which would authorize SCPPA to accept the diverted money from the FY 2016 carryforward and apply it to paying for the audit. Once this agreement is finalized, it will be brought to the Commission for approval.

After reviewing the submitted RFP responses and the cost of the audit is known, the EOC will then issue a formal resolution to Western requesting the redirection of funds from the FY 2016 carryover to SCPPA. A time line of all activity, both completed and future events is included in the board package.

Staff recommends that the Commission authorize the Executive Director to join with the other federal Hoover contractors in the resolution instructing Western to redirect the FY 2016 prior year carryforward from the FY 2016 Hoover Base Charges to SCPPA for the sole purpose of this audit.

Chairman Ogilvie commented that the Commission and the other Hoover contractors are paying for this audit, correct.

Mr. Pyper replied that is correct.

Chairman Ogilvie commented that the mechanism to pay for the audit is being orchestrated in this fashion because several of Hoover contractors, including the Commission, have not budgeted for this audit, and it will be included in the next budget.

Ms. Harkins clarified that this money was previously collected from Reclamation from all the federal Hoover contractors. Reclamation has approximately 10 million dollars that was not utilized in the last year, and could apply this to next year's rates to reduce the rates. Instead of taking the 1.5 million dollars and applying it into the rate process and reducing the rates, the federal Hoover contractors are directing Reclamation to use the funds for the audit.

Chairman Ogilvie stated that if the Hoover contractors did not sign this resolution then, the rates of those Hoover contractors would be lower.

Ms. Harkins replied that is correct. Ms. Harkins stated that since the monies have been collected, the Hoover contractors would not have to make adjustments to their budget for the audit.

Chairman Ogilvie questioned what is being audited and what is the perceived need for the audit?

Mr. Pyper reviewed that the new Hoover Schedule D customers are going to be required to pay for repayable advances. The audit will review the last 30 years and review the capital improvements at Hoover Dam financed by the current customers. Hoover is not amortized and there are several projects that are paid for prior to completion. Since there will be a reduction in 5% of Hoover capacity to the current customers, the current customers will need to be reimbursed accurately. The federal government may have, over time, collected in a different retirement fund; there could be money in the fund that may need to be returned to the customers.

Mr. Pyper stated that Doug Beatty is the Chairman of the Audit Committee for the Hoover Contractors. There are also two representing California and one representing Arizona.

Chairman Ogilvie inquired if the audit committee is going to be evaluating the responses to the RFP, and where the RFP will be broadcasted.

Mr. Pyper replied that the committee will be evaluating the RFP responses which were due April 22, 2015. The RFP was broadcasted locally only because Reclamations offices are local to keep cost down, and to have a local presence.

Chairman Ogilvie asked if local is Southern Nevada.

Mr. Pyper replied that is correct.

Commissioner McCoy moved to authorize Staff to join with other federal Hoover contractors in California and Arizona, in execution of a resolution authorizing the U.S. Bureau of Reclamation to release \$1.5 million in the FY 2016 Prior Year Carryover balance to fund a joint audit of financial records of the U.S. Department of Reclamation for the Boulder Canyon Project in light of the contract ending in 2017. The motion was seconded by Vice Chairman Miller and approved by a unanimous vote.

R. For Possible Action: Consideration of and possible action regarding Senate Bill 46.

Ms. Harkins presented an update on Senate Bill 46 (SB 46).

The Governor's Office included this proposed legislation for the Colorado River Commission of Nevada (CRC) and Public Utilities Commission of Nevada (PUCN) as Executive Branch Bill Draft Request 359 (BDR 359). BDR 359 was pre-filed and introduced as SB 46 on the first day of the 2015 Nevada Legislature Session, and referred to the Senate Committee on Government Affairs. A hearing on the bill was held on February 23, 2015. SB 46 has been re-referred to the Senate Committee on Finance. SB 46 currently has Exempt status.

History of SB 46:

CRC initially developed this proposal in consultation with its customers following the loss of valuable employees with high-level educational and professional expertise in electric power and water matters, to jobs with private utilities, companies and local government agencies, which pay significantly higher salaries. Current salary levels deter the CRC from recruiting and retaining qualified employees.

- One CRC employee making \$102,000.00 with CRC received and accepted a job offer at Puget Sound Power for \$150,000.00. Two other employees also left in the last 2 years for higher paying salaries, though no specific data on the salaries which they were offered is available. They indicated in exit interviews that they were leaving for higher paying positions.
- CRC has 8 employees eligible to retire in the next 5 years (2014 through 2018), which is 24% of our work force. Three of these are Division Heads and one is the Deputy Executive Director.
- CRC has 10 employees eligible to retire within 10 years (between 2019 and 2023), which is 30 percent of our work force.

The Governor's Office staff asked CRC to develop this BDR jointly with the PUCN, which has experienced similar loss of highly qualified employees and their specialized knowledge, which impairs the PUCN's ability to carry out its duties.

Key points of SB 46: This legislation would grant the boards of the CRC and PUCN increased flexibility to approve agency budgets and set employee salaries by:

- Authorizing the board of each agency to approve the agency budget for all expenditures and revenues for the Commissions to carry out its powers and duties, as well as employee salary ranges, in an open public meeting.
- Requiring the board of each agency to approve any across-the-board salary increases, e.g., cost of living increases, in an open public meeting.
- Providing that agency employees are not in the classified or unclassified service of the State.
- Exempting agency employees from the pay cap in Nevada Revised Statutes 281.123.
- Continuing employee eligibility to participate in the Public Employees' Retirement System and Public Employees' Benefits Program.

- Continuing CRC and PUCN use of State accounting, financial and payroll systems, and agency payment of State assessments for such use.
- Requiring the agencies to submit their biennium budgets in the same manner as other State budgets to the Nevada Legislature.

The amount of funding estimated to be needed to adjust salaries for the CRC to be competitive is estimated to be \$500,000.00.

The purpose of this legislation is to enable the CRC and the PUCN to carry out their statutory responsibilities, which have evolved to require highly educated experienced staff with unique specialized expertise. The technical knowledge, skills and experience required to address developments in the electric power, water, and telecommunications industries are not generally available at other State agencies. The Commissions compete in local, regional, and national employment markets and with regulated industries and local governments for skilled and experienced personnel. Current salary limitations expose the Commissions to loss of key personnel and delay hiring of qualified personnel.

Under SB 46, the Commissions' budgets will continue to be subject to review and authorization by the Nevada Legislature, and the Commissions will continue to pay State assessments through existing State processes, e.g. for the use of State buildings and other resources such as the Commission's use of Deputy Attorneys General. In addition, the Commissions will continue to use the State's accounting systems, provide their budgets for information of the Department of Administration, and submit to regular audits by the Legislative Counsel Bureau and the Division of Internal Audits.

Under SB 46, the CRC budget also will continue to be subject to budget review procedures which the CRC has followed for at least the past ten years. These budget review procedures include the following:

- 1) CRC staff provides the proposed budget to its power and water customers, reviews the material line-by-line with the power customers and SNWA in workshops, and incorporates customer concerns and priorities into the budget before it is proposed for review by the CRC board.
- 2) The proposed budget is proposed to the CRC board at a public meeting, at which customer comment is requested. The budget is not voted upon at that first meeting.
- 3) The proposed budget is considered for a second time at the Commission's next public meeting, to allow for customer input at the first meeting to be taken into account prior to the second meeting.
- 4) The Commission votes on the budget at the second public meeting.

Finally, an amendment has been proposed to SB 46 under which any changes to the CRC budget that would increase CRC salaries above legislatively authorized amounts would be subject to review by the Legislature's Interim Finance Committee.

Chairman Oglivie noted that the SB 46 agenda item was added to this month's Commission meeting agenda due to concerns raised by Commissioner Sisolak at the March 10, 2015

Commission meeting regarding the process by which SB 46 had been proposed.

Chairman Oglivie noted that John Entsminger, General Manager of the Southern Nevada Water Authority (SNWA) and Las Vegas Valley Water District (LVVWD), and Julie Wilcox from the SNWA were present. Comments from Mr. Entsminger, Ms. Wilcox, or members of the general public may address the Commission prior to discussion amongst the Commissioners on this item.

Commissioner Sisolak thanked Chairman Oglivie, and thanked Mr. Entsminger and Ms. Wilcox for attending.

Mr. Entsminger stated SNWA/LVVWD are the Commission's largest customer, SNWA paying one hundred percent of the Commission's water operations budget; and SNWA/LVVWD paying over seventy percent of their operations budget. Mr. Entsminger said that he understood the problem facing the Commission, having a number of technical staff working for the SNWA and LVVWD. Mr. Entsminger indicated that he was first made aware of the Commission's staffing and compensation issues in fall of 2014 after a conversation with Ms. Harkins regarding a power purchaser staff member leaving for a higher salary. Mr. Entsminger noted that at that time he asked Dave Wright, Chief Financial Officer at SNWA, who has previously run a public utility company in Southern California, to look into the matter and it was reported back that indeed the Commission staff are underpaid and it should be addressed.

Mr. Entsminger indicated that he proposed a solution to have the power purchaser, who was wishing to leave for a higher salary, become a SNWA employee in order to increase his salary. In this instance the power purchaser decided to leave despite the offer. In an effort to prevent further employee loss, Mr. Entsminger said that at that time he offered to enter into an inter-local agreement with the Commission and the SNWA in order to enhance the salary structure of the power purchasers and make them more competitive. Mr. Entsminger noted that this offer was not acceptable at the time.

Mr. Entsminger further noted that it was at this time that Ms. Harkins informed him of proposed legislation (SB 46) for his review. Mr. Entsminger stated that, after reviewing SB 46, he would be willing to support the legislation with an amendment that would if any net increase in cost to SNWA would go to their board as a part of their budget process. Mr. Entsminger stated that this was not acceptable at that time and the legislation was pushed forward in its current form.

Mr. Entsminger said that their fundamental concern regarding SB 46 was a lack of checks and balances with the potential for appointed Commissioners setting salaries for Staff at unreasonable levels which would affect Commission customer rates.

Mr. Entsminger summed up by saying that he believes, as well as other SNWA and LVVWD Board members with whom he has spoken, that there should be accountability with the elected officials who ultimately have to pass the charges to rate payers. Mr. Entsminger entered into the record, at this time, letters from other SNWA Board members; representatives from the Cities of Las Vegas, North Las Vegas and Henderson, and Clark County Commission voicing similar concerns in opposition to SB 46 in its current form.

Letters are attached and made a part of the minutes:

- | | | |
|-------------|----|---|
| Attachments | B1 | City of Henderson
Sam Bateman, Henderson City Council, SNWA Vice Chairman |
| | B2 | City of North Las Vegas
John L. Lee, Mayor; Anita G. Wood, Mayor Pro Tempore |
| | B3 | Clark County Board of County Commissioners
Steve Sisolak, Chair |
| | B4 | Clark County Board of County Commissioners
Mary Beth Scow, LVVWD President, SNWA Chair |

Mr. Entsminger also noted that SNWA and the Commission have had a historically strong working relationship and believes that a middle ground can be found but does not believe that voting to proceed with the bill in its current state, despite customer objections, will help maintain these working relationships with the Commission and its customers.

Chairman Ogilvie opened it up for questions and comments for Mr. Entsminger.

Commissioner Sisolak stated, as previously discussed many times with the Chairman and Ms. Harkins on the SB 46 issue, that he is troubled by the fact that there could be an agency that is not subject to the same salary schedule as other governmental agencies, in the same jurisdiction. Commissioner Sisolak listed the other government entities that voiced their concerns regarding SB 46 and remarked that it is unusual to have different government bodies in agreement on a single issue, that this legislation (SB 46) is not the proper way to deal with the issues facing the Commission. Commissioner Sisolak reaffirmed that he is against SB 46 and asked that minutes from the Commission meeting would be transcribed as soon as possible to be forwarded to the legislature so that they understand that the Commission clients are not supporting this bill.

Chairman Ogilvie opened up for further comments from the Commission.

Commissioner Coffin stated that this is not the first time that a State agency has felt its vulnerability to the market forces and unable to protect itself beyond what the legislature approves, without regard to professional experience. Commissioner Coffin expounded that the State of Nevada, historically, has been a training ground for local governments due to salary disparity amongst local entities.

Commissioner Coffin, using the power purchaser example, said that that local governments would not typically have a need for the power purchaser position, and therefore are likely being lost to out of state agencies if the State of Nevada salaries are not meeting the needs of the employees, especially the best employees, at the detriment to the State.

Commissioner Coffin noted that there was not a letter from the City of Las Vegas in protest to SB 46 because he did not feel it necessary to go to his colleagues and to defeat or control this bill, and was not aware that these bodies had voted, in session of their commission or councils, on this matter.

Commissioner Sisolak said that the Clark County Commission did vote on SB 46.

Commissioner Coffin continued by asking what is to be done going forward, being stuck between a rock and a hard place. Commissioner Coffin observed that he was not certain that the SNWA or the Commission had voted on the bill as well.

Commissioner Sisolak added that that was why SB 46 was on the agenda.

Commissioner Coffin continued that the footprint of Clark County's domain and the local government's domain is so much greater in water matters through the SNWA and the LVVWD (prior to the SNWA's inception in 1991) and, in turn, the Commission is pretty much out-gunned in terms of matter that would involve a dual between a powerful local government entity, like Clark County, and the State in view of who is going to make the decisions which is the Legislators. Commissioner Coffin mentioned he has seen other agencies attempt to get out from under the budget act but have unfortunately failed except in rare circumstances because State agencies are afraid to break traces. As a result, State agencies are falling farther and farther behind.

Commissioner Coffin continued that it is a political decision that needs to be made and as elected officials it must be determined how they can best help the Commission they represent. By denying the request, they are essentially denying themselves from being able to hire and retain the best employees. Commissioner Coffin noted that the power purchaser that left, though there may have been additional reasons, left for a 50% increase in salary and if the differentials are growing that large then the compensation issues need to be addressed. Commissioner Coffin stated that with six weeks of the Legislative Session remaining, he does not have much hope that SB 46 will pass, given the political climate, but nevertheless the best course of action is to find a solution to address the issue facing the Commission.

Commissioner Coffin observed that in a way the SNWA and LVVWD opposing what the Commission and passage of SB 46, for fear of Staff salary increases and ensuing rate increases, is only hurting themselves as the Commission is the only interface to the surrounding states. While he understood the fear and the resulting opposition to the bill, Commissioner Coffin charged especially those who opposed the bill to come up with a solution so that the Commission can continue to be competitive.

Commissioner Sisolak asked if he could respond to Commissioner Coffin's comments.

Chairman Ogilvie affirmed.

Commissioner Sisolak began by stating that the Commission is not made up of all elected officials and that is the issue that Mr. Entsminger was attempting to bring up and with the opposition by the SNWA, LVVWD, and the Clark County Commissioners sitting on the board of LVVWD, this bill will be difficult to pass.

Commissioner Sisolak reaffirmed as Mr. Entsminger stated that Mr. Entsminger attempted to work towards a solution with Ms. Harkins but the proposed solutions were not acceptable to both

parties and SB 46 was pushed forward. Commissioner Sisolak challenged that if SB 46 is continued to push forward, he will fight the bill though he does not feel that it would be productive for the Commission. Commissioner Sisolak has directed his lobbyists in Carson City to continue to fight the bill.

Commissioner Coffin asked if he could respond to Commissioner Sisolak's comments.

Chairman Oglivie affirmed.

Commissioner Coffin affirmed that he understood Commissioner Sisolak's comments and asked if he, Commissioner Sisolak, or Mr. Entsminger has offered to find a solution, with both sides before the Legislature or behind the scenes, since the Legislature recognizes the State salaries are low especially in regard to the Commission's uniquely skilled professionals.

Mr. Entsminger affirmed that his earlier approaches have been discussed with members of the Legislature, particularly Senator Goicoechea and members of the Government Affairs Committee. Again Mr. Entsminger stated he believes the SNWA could handle the power purchasers; and if this had been agreed upon the power purchasers could have been making a higher salary since the fall of 2014 via an inter-local agreement. Other than that, the only amendment that Mr. Entsminger and SNWA offered was to have any net increases go before the SNWA Board and approved through their budget processes. Mr. Entsminger stated that it was not made clear to him why this amendment was not acceptable. Mr. Entsminger again stated that he is well aware of the issue of losing qualified employees and is not arguing whether there is an issue only on how to address this issue. Mr. Entsminger reiterated that his primary problem with SB 46 is the lack of checks and balances from a mostly appointed Commission.

Commissioner McCoy stated that this discussion should have taken place in November or December of the previous year and found it awkward to discuss this during the Legislative Session. It's really awkward for Executive Director Ms. Harkins and Chairman Oglivie to have already been to the Legislature on this bill.

Commissioner McCoy said that the Commission has a history of contracting skilled employees and wondered if power purchasers could not be contracted out as well. Commissioner McCoy continued that if we cannot compensate Commission employees appropriately then we will not be able to keep these employees. As dedicated public servants we all want to see a good result.

Commissioner McCoy echoed Commissioner Coffin's assessment that if the Commission does not have the support of their constituents then this bill is not likely to succeed but nevertheless this is an issue that must be solved. Commissioner McCoy again stated that this discussion should have taken place in November or December of the previous year though they were briefed on the bill in the winter prior to the Legislative Session. Commissioner McCoy said that there is a need for a united front or a different way to do this. As a SNWA appointee, Commissioner McCoy stated that he cannot support this bill with the lack of enthusiasm from SNWA, at all levels of management and governance, but a way must be found to work together. Commissioner McCoy concluded that he will respect the decision of this body on this matter.

Chairman Ogilvie commented that he appreciated the professional tenor of these discussions despite the potentially divisive nature of the issue; there is common ground between the Commission and the SNWA, including overlapping functions of the agencies themselves. Chairman Ogilvie stated that both SNWA and the Commission agree that there is a problem that needs to be addressed and that both must find a way to work together to resolve the issue due to their close and overlapping working relationship for the interest of the State of Nevada.

Chairman Ogilvie stated that he has previously addressed Mr. Entsminger's proposed amendments and why they are not acceptable and is willing to comment on those reasons again if necessary. Chairman Ogilvie also clarified that the Commission had also proposed amendments that were, in turn, not acceptable to SNWA. At this point both parties have been unable to come to an agreement but Chairman Ogilvie remained hopeful that an agreement could be reached with six weeks left in the Legislative Session. Chairman Ogilvie stated that he informed Mr. Entsminger that he was still listening, to which Mr. Entsminger responded that he was as well. Chairman Ogilvie reiterated that both sides must work together and in a manner that is reflective of the professional relationship that both agencies have, the shared history and the common goal of serving the best interests of their constituency.

Chairman Ogilvie stated that the bill, as it currently stands, if not voted on and supported by the Commissioners, at least in part, will not make it out of the Senate Committee whereas, if the bill is voted on and supported, it will make it out of the Senate Committee but this is only the beginning of the process. Chairman Ogilvie reiterated that to date a compromise has not been found but he remains hopeful that work will continue towards this goal. Chairman Ogilvie guaranteed to Commissioner Sisolak and Mr. Entsminger to continue working towards a mutually agreeable solution but nevertheless a vote is needed today and opened for more comments and questions.

Vice Chairman Miller commented that it is obvious that we are in agreement that there is a problem and many felt SB 46 was the solution to the problem. Vice Chairman Miller continued that he was surprised by the objection from SNWA and their concern that members of this Commission would take action that would harm their organization. When Vice Chairman Miller mentioned this to a SNWA representative, he was told that it is not current Commissioners that they are concerned about but future Commissioners. Vice Chairman Miller stated that through over fifty six years of working with commissions, believes that SNWA is overly concerned with that issue.

Vice Chairman Miller confirmed that the Commission needs to have the ability to hire and retain skilled employees and that he is of the opinion that one of the problems that the Commission faces is the SNWA's high salary structure as illustrated by Mr. Entsminger's offer to take on power purchasers and offer them a higher salary. Vice Chairman Miller remains hopeful that a compromise can be reached regarding SB 46.

Vice Chairman Miller added that when he mentioned to a SNWA staff member that part of the problem was SNWA's high salary structure, the highest of governmental agencies, and the staff member responded that SNWA was a utility not a governmental agency. However, Vice Chairman Miller recalled two years back when a bill was introduced to bring SNWA under the

PUCN, that they were a governmental agency on par with the PUCN.

Vice Chairman Miller concluded that we need to move forward on this issue and thought it unfortunate that the issues were not brought forward sooner, and never dreamed it would be such a concern and problem.

Commissioner Puoy Preamsritut echoed everyone's comments particularly, Commissioner McCoy's comment that it is rather uncomfortable to be addressing now. Commissioner Preamsritut stated that while she understood the conflict the SNWA appointed Commissioners had, her role is to serve the interest of the State and if the Commission needs skilled staff, then in serving this fiduciary duty she supports SB 46 but is committed to compromise to accommodate the concerns of the SNWA.

Commissioner Kara Kelley stated that she did not have anything to add that had not already been said except that it is important to keep options open, including a legislative option in the event that compromise cannot be reached.

Chairman Oglivie thanked Commissioner Kelley for her comments and reiterated the he could not see any Commission taking any action that would be detrimental to the SNWA, but understands Mr. Entsminger's concerns about future Commissioners.

Chairman Oglivie asked if the letters submitted by Mr. Entsminger from various local entities have been entered into the record.

Commissioner Sisolak affirmed that they have and have been forwarded to all members of the Legislative Committee where SB 46 has been heard in Senate Finance.

Chairman Oglivie continued that letters from all Commission customers, including SNWA, have been received in support of not necessarily the bill as introduced but in support of the concept the bill is intended to achieve.

Letters are attached and made a part of the minutes:

- | | | |
|-------------|-----|--------------------------------------|
| Attachments | C1 | American Pacific Corporation (AMPAC) |
| | C2 | Basic Water Company |
| | C3 | City of Boulder City |
| | C4 | Lhoist North America |
| | C5 | Lincoln County Power District No. 1 |
| | C6 | NV Energy |
| | C7 | Olin Chlor Alkali Products |
| | C8 | Overton Power District #5 |
| | C9 | Southern Nevada Water Authority |
| | C10 | Titanium Metals Corporation (TIMET) |

In regards to Vice Chairman Miller's comments regarding SNWA's budgetary oversight concerns, Chairman Oglivie, stated that all customers have the opportunity to bring any budget

concerns to the Commission meetings in two public meeting forums. The Commission budget would still have to be approved by the Legislature each biennium which would provide a check and balance system that would satisfactorily protect SNWA and other customer's interests where this bill is concerned.

Commissioner Sisolak responded that he is very troubled that this is a Commission that is dominated by laypeople appointees whereas the elected officials on the Commission must go back to their constituents in response to rate increases. Commissioner Sisolak stated that Staff never brought the bill to the Commissioners attention for support of the bill prior to going to the Legislature; and was offended that Staff began lobbying, using taxpayer money, on a bill that was never brought before the Commission and that it is only on the agenda from his insistence. Commissioner Sisolak continued that to expend resources on a bill that only a few people took positions on is wrong, and also stated that he has spoken with Senator Goicoechea about it and promised to levy the weight of the Clark County Board of Commissioners to lobby against this bill. At the Legislature, the Commission will be in favor of the bill, while the County, SNWA and LVVWD will be against and Commissioner Sisolak is not sure of the outcome. Commissioner Sisolak also asked that a roll call vote for this agenda item be taken and minutes expedited.

Chairman Ogilvie addressed Commissioner Sisolak's comment regarding constituent rate payer dollars being expended in support of this bill, and after reviewing State law found that Staff has done nothing inappropriate. The Executive Director is permitted to propose legislation as necessary without the approval of the Board of the Commission though he understood Commissioner Sisolak's concerns.

Commissioner Coffin commented that if the SNWA is opposed, as a SNWA member he has never taken a vote to support the position of opposition to SB 46 and asked if that meant that the lobbying done by SNWA and Staff had been done via inappropriate spending. Staff has been operating based on the needs of the organization and neither the Commission or SNWA have taken a vote and therefore SNWA has been doing the same thing Staff has done.

Commissioner Sisolak interjected that the difference between the actions of the two entities is that SNWA did not propose the bill.

Commissioner Coffin responded that lobbying in Carson City is always pros and cons and hopefully middle ground can be found.

Commissioner Sisolak agreed to respectfully disagree on this point.

Commissioner Coffin agreed and continued that if he was the Legislator deciding on this bill, he has seen that the need has been expressed anecdotally but has not received data showing state-by-state salary comparisons. He previously has never requested this information because he did not know this bill would be so contested by an agency that handles water but no power (SNWA) verses an agency that handles both (the Commission). While finding it appropriate to vote on the bill at this meeting, Commissioner Coffin stated that data was still missing, particularly salary comparisons to determine where exactly the discrepancies are and how much. With this data it

can be determined what the full scope of the disparity is and a salary study, though typically taking a long time, could be done in a week or two.

Commissioner Coffin asked Commissioner Sisolak if he had considered requesting a data to support the bill before torpedoing this bill on behalf of the Clark County Commissioners and asked Commissioners opinions on requesting salary comparison data. Commissioner Coffin stated that if he did not get any help in understanding the opposing viewpoint, he would vote for the bill.

Commissioner Sisolak answered that it did not matter as the vote will be four to three, anyway.

Commissioner Coffin stated that it is the fault of Staff for not providing sufficient data in support of the bill and requested an answer from Staff as to the lacking data regarding data.

Chairman Ogilvie asked Ms. Harkins for a reply to Commissioner Coffin's comments.

Ms. Harkins answered that preliminary data had been gathered for various positions, not only power purchasing positions and have a rough estimate of \$500,000 to \$700,000 for a one time salary lift. Subsequent annual cost of living increases would be in addition to the above estimate. A thorough salary analysis has not been done partly due to not wanting to unnecessarily spend customer dollars on the in-depth research necessary until specific salary amounts are to be determined. Preliminary data that has been gathered is available and will be provided to Commissioners for review.

Commissioner Coffin stated that he does not want to deal in estimates but specific salary costs. Noting that the research does not take any money, only a few staff members and a couple of weeks to get it done. The data will show if the issue is real or an overreaction.

Chairman Ogilvie responded that the Staff, as Ms. Harkins had stated, has preliminary data but that Staff, the Commission and even SNWA is cognizant of the salary discrepancy between what the State pays verses what other local and private entities pay similar positions. Data can be gathered but there is no dispute about whether this issue exists.

Commissioner Coffin responded that if a bill goes to the Legislature without data to support it, it would not pass and even if the Commissioners were unanimous SB 46 will not leave the Senate Finance Committee if there is no data to back it up. Commissioner Coffin committed to supporting SB 46 contingent on data supporting the bill being provided.

Commissioner Sisolak contended that Commissioner Coffin cannot support a bill today and withdraw in two weeks.

Commissioner Coffin responded that he can go to Carson City.

Commissioner Sisolak asked if he would go to Carson City.

Commissioner Coffin affirmed that he would as we all could.

Commissioner Sisolak stated that arguments for this bill could go on all night but asked to be excused for a previously scheduled meeting after this agenda item and reiterated that on behalf of the Clark County Commission, they were unanimously against this bill and will do everything in their lobbying power to defeat this bill and is ready for a vote.

Chairman Ogilvie responded that this position troubled him as Commissioner Sisolak is not sitting as a Clark County Commissioner at the Commission meeting but as a member of a State agency while seated on the CRC Commission board and acting in the interest of the State agency not the Clark County Commission.

Commissioner Sisolak agreed.

Chairman Ogilvie wanted to make sure that the Commission's customer support letters received were also entered into the record and asked if there were any further comments or questions.

Vice Chairman Miller moved to vote in support of Senate Bill 46 and encouraged the Staff and SNWA to continue to reach a mutual agreement. The motion was seconded Commissioner Kelley.

Commissioner Sisolak requested a roll call.

Commissioner Coffin added that a motion is not needed for a roll call; and reiterated that his support of SB 46 is contingent on an interstate salary study, and asked Ms. Harkins how long a study would take, though the study should have been done six months ago.

Ms. Harkins responded that she could provide data that she already prepared.

Commissioner Coffin asked what data she had.

Ms. Harkins answered that the data is local, Western, Reclamation, and other data comparisons amongst similar position in local agencies.

Commissioner Coffin asked how much lower our average salary was versus their average salary.

Ms. Harkins responded about \$20,000.00 to \$50,000.00, salary, plus benefits.

Commissioner Coffin stated that he would like to see the data within two weeks and if the bill is still alive he will support it.

Ms. Harkins stated that she can provide the data she has and if needed a survey can be put out but often it takes a while to get responses back.

Commissioner Coffin stated that the information can be researched pulling up the dockets and gathering the data from the public records or via the Legislative Counsel Bureau.

Chairman Ogilvie initiated a roll call.

Commissioner Steve Sisolak	Nay
Commissioner Bob Coffin	Aye
Commissioner Duncan R. McCoy	Nay, with hope that Staff and SNWA forge comprise
Chairman George F. Ogilvie III	Aye
Vice Chairman Berlyn D. Miller	Aye,
Commissioner Puoy K. Premsrirut	Aye, also in favor of forging a comprise
Commissioner Kara J. Kelley	Aye

Ayes 5

Nays 2

Motion carries. Chairman Ogilvie asked Ms. Harkins to provide survey data as requested.

Commissioner Sisolak asked to be excused from the remainder of the meeting due to a prior appointment.

S. 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 Resources Specialist, provided a report on the following:

- Unregulated Inflow into Lake Powell, as of April 20, 2015
- Storage Conditions as of April 20, 2015
- Temperature Deviations for March 2015
- Upper Basin Precipitation
- Precipitation and Snowpack as of April 20, 2015 Upper Colorado Basin
- Colorado Basin above Lake Powell 118 sit Group
- Water Operation Timing Decisions
- Lake Powell End of Month Elevations based on April 2015 24-Month Study
- Lake Mead End of Month Elevation Projections based on April 2014 24-Month Study
- Water Use in Southern Nevada January – February 2015

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

Chairman Ogilvie inquired if the State of Utah has any intake issues with Lake Powell similar to Nevada's intake issues with Lake Mead.

Ms. Harkins replied that the only intakes that are in the State of Utah for the City of Page are not much. Lake Powell was built to make delivery to the Lower Basin so there is not a lot that comes out of there and is not a big concern.

T. 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 other comments or questions from the public. There were none.

U. Comments and questions from the Commission members.

Chairman Ogilvie asked if there were any other comments or questions from the Commission members. Chairman Ogilvie thanked Commissioner Coffin for the use of the City of Las Vegas Council Chambers for today's meeting.

V. Selection of the next possible meeting date.

The next meeting is tentatively scheduled for 1:00 p.m. on Tuesday, May 12, 2015, at the Clark County Government, Commission Chambers, 500 South Grand Central Parkway, Las Vegas, Nevada.

W. Adjournment.

The meeting adjourned at 5:33 p.m.

Jayne Harkins, P.E., Executive Director

APPROVED:

George F. Ogilvie III, Chairman