

The Colorado River Commission of Nevada meeting was held at 1:30p.m. on Tuesday, February 12, 2019 at the Clark County Government Center in the Commission Chambers, 500 South Grand Central Parkway, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairwoman	Puoy Premsrirut
Vice Chairwoman	Kara J. Kelley
Commissioner	James B. Gibson
Commissioner	Marilyn Kirkpatrick
Commissioner	John F. Marz
Commissioner	Cody T. Winterton
Commissioner	Dan H. Stewart

DEPUTY ATTORNEY(S) GENERAL

Special Counsel, Attorney General	Christine Guerci
Special Counsel, Attorney General	Jennifer Crandell

COMMISSION STAFF IN ATTENDANCE

Chief of Finance and Administration	Douglas N. Beatty
Assistant Director of Energy Services	Gail Bates
Manager, Hydropower Program	Craig N. Pyper
Natural Resources Program Manager	Angela K. Slaughter
Natural Resource Analyst	Peggy Roefer
Natural Resource Analyst	Warren Turkett
Senior Energy Accountant	Gail L. Benton
Senior Energy Accountant	Stephanie Salleroli
Senior Energy Accountant	Richard M. Sanders
Office Manager	Gina L. Goodman
Administrative Assistant III	Kristina Perry
Administrative Assistant II	Joshua Cleveland
Administrative Assistant II	Laterria Graves

OTHERS PRESENT; REPRESENTING

Eide Bailly LLP	Tamara Miramontes
Eide Bailly LLP	Chris Wherman
NV Energy	Mike Hulin
Overton Power District	Mendis Cooper
Overton Power District	Aaron Walker
Overton Power District	Randell Ozaki
Overton Power District	David Anderson
Overton Power District	Omar Vallejo
Overton Power District	Terry Romero
Southern Nevada Water Authority	Jason Bailey
Southern Nevada Water Authority	Scott Krantz

COLORADO RIVER COMMISSION OF NEVADA
MEETING OF FEBRUARY 12, 2019

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The Colorado River Commission of Nevada (Commission) meeting was called to order by Chairwoman Premsrirut at 1:34 p.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Chief of Finance and Administration Douglas Beatty confirmed that the meeting was posted 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 will be taken.)

Chairwoman Premsrirut asked if there were any comments from the public. There were none.

C. For Possible Action: Approval of minutes of the January 8, 2019 meeting.

Commissioner Kirkpatrick moved for approval of the minutes. The motion was seconded by Vice Chairwoman Kelley and approved by a unanimous vote.

The Commission welcomed James B. Gibson. Commissioner Gibson serves as Clark County Commissioner, served three terms as Mayor of the City of Henderson and was appointed to the Commission by Southern Nevada Water Authority on January 17, 2019.

D. For Possible Action: Public Hearing for the Allocation of Salt Lake City Area Integrated Projects (SLCAIP) hydropower post 2024 including the consideration of and possible action to approve, modify or reject, in whole or in part, the proposed Draft Order dated January 22, 2019 setting forth the recommended allocations of the hydropower resource.

Assistant Director of Energy Services Gail Bates gave a presentation on the background of the SLCAIP Allocation. The Colorado River Commission of Nevada (CRCNV) has existing contracts with the Western Area Power Administration (WAPA) and with its customers for SLCAIP hydropower which expire on September 30, 2024. In 2015, WAPA began the process of allocating post-2024 SLCAIP power and the CRCNV has been offered a contract through September 30, 2057 for the same allocation amounts contained in the CRCNV's current contract with WAPA - **20,851** kW of capacity and **37,944,500** kWh of energy (Summer Season) and **27,414** kW of capacity and **50,267,119** kWh of energy (Winter Season).

Before the CRCNV commits to taking this resource through 2057, it must ensure that there are customers in Nevada who will take the resource. To that end, the CRCNV began an allocation proceeding in accordance with the process recently revised in NAC 538.455. Staff prepared a Notice and Invitation to Apply for the resource which contained an application form and the criteria to be utilized by the Commission in determining the allocations awarded.

Staff received four (4) Applications by the due date of July 16, 2018 from the following contractors:

City of Boulder City (current SLCAIP contractor);
City of Las Vegas (new request);
Overton Power District No. 5 (current SLCAIP contractor); and
Valley Electric Association (current SLCAIP contractor).

Staff reviewed the Applications and recommended that each applicant receive an allocation. In order for some of the resource to be allocated to the City of Las Vegas, Staff recommended that the three current contractors' allocations be reduced by approximately 7%.

The Commission conducted a public hearing on September 11, 2018 at which Staff provided testimony. The Commission did not reach a decision on the allocation at the September 11, 2018 public hearing.

On December 6, 2018, the City of Las Vegas delivered a Notice to the Commission that it was withdrawing its previously submitted application and would not be seeking an allocation of SLCAIP hydropower.

Staff drafted an Order (Draft Order) which provided for the Commission's three existing SLCAIP contractors, the City of Boulder City, Overton Power District No. 5, and Valley Electric Association, to maintain their existing SLCAIP allocations as follows:

	<u>Summer Energy (kWh)</u>	<u>Summer Capacity (kW)</u>	<u>Winter Energy (kWh)</u>	<u>Winter Capacity (kW)</u>
City of Boulder City	10,075,242	5,537	13,347,215	7,279
Overton Power District No. 5	11,427,163	6,279	15,138,176	8,256
Valley Electric Association	16,442,095	9,035	21,781,728	11,879

Staff provided the Draft Order containing the proposed allocations to each of the existing Applicants on January 22, 2019 and asked for written comments by February 5, 2019. Staff received one comment from Overton Power District No. 5.

A copy of the presentation was attached and made a part of the minutes. See Attachment A.

A full transcript of the Hearing is attached and made a part of the minutes. See Attachment B.

Commissioner Stewart motioned to approve the proposed Draft Order dated January 22, 2019, setting forth the recommended allocations of the hydropower

resource. The motion was seconded by Vice Chairwoman Kelley and approved by a unanimous vote.

E. For Information Only: Status Update on 2019 Legislative Session and related Budget.

Mr. Beatty gave an update on the Commission's bill - Senate Bill No. 76 (SB76 2019) which is currently open. Based on the CRCNV's Bill Draft Request (BDR) 58-207 (one of the Governor's assigned BDR's) this was intended to address potential implications related to Nevada State Question No. 3 – The Energy Choice Initiative which did not pass on November 6, 2018. If the Bill is needed in the future, it will need to be modified to address other concerns as they arise. If not, it will stay pending.

Commissioner Kirkpatrick asked, why not have the Legislative Counsel Bureau (LCB) staff draft it to be on the safe side instead of waiting until the last minute and it is rushed.

Mr. Beatty agreed to investigate further with Staff and LCB.

Mr. Beatty also informed the Commission about an upcoming informational meeting on March 14, 2019, which will be presented by Staff to the Assembly Growth and Infrastructure Committee to give a better understanding of what the Colorado River Commission of Nevada is and how it is operated.

The most important item for the agency currently pending legislative action is the CRCNV budget. The CRCNV budget hearing is scheduled for March 29, 2019. The Commission approved the Agency Requested Budget for fiscal years 2020 and 2021 on July 10, 2018 and that request was submitted to the Governor's Finance Office for inclusion in the Governor's Executive Budget. The Governor's Executive Budget for the CRCNV released to the legislature contains no significant changes from the budget submitted.

F. For Possible Action: Consideration of and possible action on the process for recruitment of an Executive Director by the Commission.

Mr. Beatty updated the Commission on potential process paths and components of those processes outlined by the Staff for the recruitment of an Executive Director and asked for the Commission's opinion on what has been presented.

Chairwoman Premsrirut commended the Staff for their work and asked for the Commissioners input to get the process started and the proposed announcement letter published and available to the public. She asked if there should be a subcommittee made to help fill the position.

Commissioner Kirkpatrick agreed that having a subcommittee with some of the customers as participants and a Staff member would be ideal so that no one is left

out. She does not want the current staff to believe that the Commission thinks they are not worthy of the position.

Commissioner Stewart clarified two paths; internal and external. He agreed a committee would be good for an external search, but an internal candidate recruitment would not require a committee.

Chairwoman Premsrirut stated that to her knowledge the Commission wanted to open the position nationwide so that the best candidate was chosen but not with the intention of not choosing a current employee or local Nevadan. She agreed that there are two paths and asked the rest of the Commission for their opinions.

Commissioner Marz stated that his preference is to look internally first to see who is interested. The people working in the organization have a better historical understanding and cultivated relationships with the customers. Staff would have to teach a new Executive Director the entire process. If there are not any candidates within Staff, then the Commission can broaden the search.

Chairwoman Premsrirut agreed, the Commission should start with an internal application process. If a candidate is not selected, then the Commission will move to phase two.

Commissioner Winterton agreed that it is important to first recognize the talented people that work for the Commission. It is a unique agency. There are relationships and history. Before spending the time and resources the Commission should take a serious look and at least understand what the internal interest is with the Staff. It is a great way to start. After the decision has been reached then the Commission can move forward.

Commissioner Stewart wanted to make sure that the integrity of the process is not compromised if the Commission decided to look internally. He agreed, if the Commission has talent within it does facilitate the transition and helps moving forward without losing anything.

Vice Chairwoman Kelley asked has the Chairwoman, Commissioners, or Staff received any formal or informal inclination to apply. There was no answer.

Vice Chairwoman Kelley states that this is very sensitive because the Commission meets once a month and the burden of a vacated position is borne by the existing staff. She does not disagree that promoting within is a good policy. She asked if there is a process to allow internal candidates to submit their applications within a set timeframe to the appropriate assigned person. If there are no internal candidates, then the Commission can move forward. The Commission could give the ability to execute on a broader strategy if believed that would be the right approach. Chairwoman Premsrirut agreed to set a timeframe for internal candidates to apply and submit a resumé or CV within two weeks.

Commissioner Kirkpatrick asked Special Counsel if the position could be posted internally. If a candidate is not selected, then the process would move to an external candidate that is posted. The Commission could be replacing two positions.

Special Counsel Christine Guerci responded that there are State classified and unclassified websites maintained by the State Human Resource Management division for posting open positions. Position requirements could be attached to that posting in the unclassified service.

Chairwoman Premsrirut asked if the search would start within the agency or open to the public. She is in favor of starting internally with a two-week deadline. Once that deadline is reached and the candidates are reviewed the Commission can move forward. This process will be a shared responsibility with more than just one person making the decision.

Commissioner Marz asked how many people are qualified and know about the agency.

Mr. Beatty explained that there are not a lot of qualified applicants.

Commissioner Marz asked if there are no candidates internally could the Commission hire a search firm to bring 5 or 6 candidates that are qualified.

Mr. Beatty assured him that it could be done, but it would take time.

Commissioner Gibson asked if the job description online reflects what is required of the position in question and is it written well enough to get qualified candidates.

Mr. Beatty explained there is nothing currently on the Commission's website about the specifics of the recruitment for the position, but an announcement was drafted by Jayne Harkins before she left the agency. It has been reviewed and should provide adequate information to select the right candidates. The announcement has not been posted to the Commission or to the State's Human Resource Management's websites.

Chairwoman Premsrirut informed the Commission about the questionnaire provided by Staff with the requirements for the position. It could be completed with what the Commission believes is important to the process and have a better idea of any additional or critical requirements for the position.

Commissioner Kirkpatrick asked if the questionnaire was more for the interview process or the job description.

Mr. Beatty stated that the questionnaire would likely be better suited for the interview process.

Commissioner Winterton asked if the Commission were to invite only internal candidates to apply over the next 14 days to submit a CV or resumé. If after 14 days, the Commission received an application or more they are circulated to the

Commissioners prior to the next meeting. At the next meeting the Commission can decide what to do from that point. If the Commission does not receive anything in 14 days, then the Chairwoman can submit the posting externally.

Vice Chairwoman Kelley agreed with Commissioner Winterton adding that if there are zero internal applications within the 14-day period she would be inclined to give Staff permission to post the announcement on the Website for statewide applicants.

Commissioner Winterton motioned to proceed to invite internal candidates to submit their application within 14 days. If there are no applicants, the Chairwoman will work with Staff to post the unclassified position within the Division of Human Resource Management. Commissioner Stewart seconded the motion and approved by a unanimous vote.

G. For Possible Action: Presentation of the Commission's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2018.

Tamara Miramontes of Eide Bailly LLP, the Commission's external auditor, reported that the audit of the financial statement of the Commission for the year ended June 30, 2018, is completed, materially correct, and the users of those statements can rely on those numbers. The second report of Government Auditing Standards showed a material weakness in relation to audit adjustments.

Commissioner Kirkpatrick thanked Ms. Miramontes for helping over the past year.

Chairwoman Premsrirut agreed that the relationship has improved over time.

H. For Information Only: Update on the activities of the Financial and Audit Subcommittee.

There were no updates at the time.

I. For Information Only: Update on pending legal matters, including Federal Energy Regulatory Commission or Public Utilities Commission of Nevada filings

Special Counsel, Christine Guerci informed the Commission that NRS 233B.050 requires that each state agency do a comprehensive review of its regulations at least once every ten years. To that end, Staff and Legal Counsel will be reviewing the CRCNV's current regulations to determine if any changes are necessary. Any changes needed will be brought to the Commission between June/July 2019 for consideration.

J. For Information Only: Status update from Staff on the hydrological conditions, drought, and climate of the Colorado River Basin, Nevada's consumptive use of Colorado River water, the drought contingency plan, impacts on hydropower generation, electrical construction activities and other developments on the Colorado River.

Hydrology Update

Natural Resources Analyst Dr. Warren Turkett gave a 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.

- Summary of Lake Powell, Lake Mead, and Nevada Water Supply
- Precipitation and Temperature
- Upper Basin Snowpack Accumulation
- Water Use in Southern Nevada
- Unregulated Inflow, Current and Projected Reservoir Status

Commissioner Stewart asked that since Lake Mead is projected to be at an elevation of 1,068 feet, what elevation would determine a shortage.

Mr. Turkett responded in August the 24-month study will be used to forecast the elevation on January 1, 2020. Currently, the elevation is projected to be at 1,067.7 feet. The first tier of shortage is between 1,075 and 1,050, which would be a reduction of 13,000 acre-feet (af) in the upcoming water year from Nevada's annual allocation. If the Drought Contingency Plan (DCP) is activated there would be an additional 8,000 af reduction. A total of 21,000 af reduction is possible.

Taking that information into account, last year the preliminary numbers showed an excess balance of unused apportionment of 56,000 af. If there were to be a reduction from a shortage or if DCP was layered on to the first-tier reduction there would still be an estimate of 30,000 to 35,000 af of unused apportionment.

Drought Contingency Plan Update

Special Counsel, Jennifer Crandell gave an update on the Drought Contingency Plan (DCP) explaining that on November 13, 2018, the Commission approved and authorized the Executive Director to execute the DCP agreements for the Lower Basin, and to execute additional ICS exhibits to the 2007 Lower Colorado River Basin Intentionally Created Surplus Forbearance Agreement, that are consistent with the DCP agreements and presented for approval on or before June 30, 2019.

The DCP agreements are in furtherance of efforts to protect critical Lake Powell and Lake Mead elevations. In the Upper Basin, DCP includes drought response operations for Colorado River Storage Project Act reservoirs and the creation of demand management storage capacity. In the Lower Basin, DCP requires additional water contributions to Lake Mead and creates flexibility in operations to incentivize additional

voluntary water conservation to be stored in Lake Mead. The agreements for execution include: 1) the Agreement Concerning Colorado River Drought Contingency Management and Operations (“Companion Agreement”); 2) the Lower Basin Drought Contingency Plan Agreement (“Lower Basin DCP Agreement”); 3) the DCP Contributions and ICS Space Accumulation Limits Sharing Agreement and 4) SNWA’s ICS exhibit to the 2007 Lower Colorado River Basin Intentionally Created Surplus Forbearance Agreement. Nevada was first to approve DCP, with CRCNV and Southern Nevada Water Authority (SNWA) both approving, the intrastate agreements.

Arizona had a bigger process which required state legislation to obtain approvals for their executive director to sign the DCP agreements. Arizona met the deadline given to us by the Bureau of Reclamation (Bureau). Their legislation was passed and signed by the governor on January 31, 2019, authorizing the director of Arizona Division of Water Resources (ADWR) to sign the agreements on behalf of the state of Arizona.

In California, Metropolitan Water District has approved DCP. No anticipated problems are expected from Needles. Coachella Valley is believed to be ready to sign. The only stakeholder still needing approvals to sign on the DCP is Imperial Irrigation District (IID). Their board had a requirement to see the entire package, including proposed draft federal legislation, before signing off on DCP. An extra requirement was then added concerning obtaining mitigation dollars from the federal government for Salton Sea restoration. IID felt that California Senator Diane Feinstein was able to put some language in the “Farm Bill,” but Ms. Crandell is not completely sure. IID’s board is waiting for money from the Farm Bill and the board felt confident of getting funding so that DCP could be approved. The IID board has seen the draft federal legislation. IID delayed voting on DCP while waiting for the Salton Sea financing for the restoration.

Federal Register 84 FR 2244 was posted by the Bureau on February 6, 2019. Ms. Crandell read from the Notice:

“The DCPs remain unfinished at this time, and given the current unfinished status of the DCPs, combined with declining reservoir storage in the Basin, the Department is considering potential federal action to revise Colorado River operations in an effort to enhance and ensure sustainability of Colorado River water supplies for the southwestern United States.

This Notice requests input from the Governors of the Basin States (and appropriate consultation with such state representatives as each Governor may designate) regarding recommendations for potential Departmental actions in the event that the DCPs cannot be completed.”

Input will be accepted beginning March 4, 2019, for 15 days ending March 19, 2019, for information to come from the Lower Basin State Governor representatives on what course of action the federal government should take if DCP is not completed. The drive is to make sure that DCP is completed and all the documents have been

executed, and that federal legislation is in place so that new operations can be included in this upcoming year, as preparation for the Annual Operating Plan is generally completed by August of the year. The big push is to complete DCP before the Annual Operating Plan so implementation of DCP can start in 2020. The hope is to have the agreements completed by March 19th so that the federal notice can be withdrawn.

Chairwoman Premsrirut asked if the Federal Registry notice was published because the Imperial Irrigation District did not meet the deadline of January 31, 2019, given by Commissioner Burman of the Bureau. Ms. Crandell responded, that is correct. Commissioner Burman stated at the annual Colorado River Water Users Association meeting held in December 2018 that she was considering taking federal action and she did.

Chairwoman Premsrirut stated that there currently is one constituent that has not executed and if there is no execution by March 19, 2019, what could be expected. Ms. Crandell explained that March 19th is the deadline for comments from the Basin states. However, the parties to the agreements do not actually know what federal action the Bureau is contemplating if the deadline is not met.

Ms. Crandell's assumption is the Bureau's action would look a lot like DCP cuts to water deliveries.

It is unclear as to what Commissioner Burman considers "complete DCP." Arizona has 85 stakeholders and a whole series of approximately 15 internal Arizona agreements that they have to complete to get this implemented. California has internal agreements to complete, as well. All of the states have Intentionally Created Surplus (ICS) Exhibits that have to be completed. ICS Exhibits articulate what each state or each contractors' measures are taken to create DCP water. The ICS Exhibits are still in process, so the work is not done. We do not know if the Commissioner requires that all these steps also be complete, to be "done."

In terms of the intrastate agreements, those agreements are complete. The draft federal legislation is complete, as well. The Bureau is looking for a vehicle to tack the federal legislation on. There was a Lands Bill that was thought might work as a vehicle, and a big push in the middle of the month was made to try to get the draft legislation completed. The coordinating committee did finish drafting that federal legislation. Unfortunately, it did not work out to get it in the Lands Bill. Commissioner Burman is working on Capitol Hill looking for a suitable Bill to get federal legislation in place.

Commissioner Stewart asked: "since Commissioner Burman is considering federal action, is there a chance that if the one entity finalizes DCP approvals, that federal action could be avoided? Completion could help avoid some bad consequences." Ms. Crandell responded "yes," if things were to get moving within two weeks, any Bureau action could result in unintended consequences, would be avoided. Issuing the federal notice is a gamble for the Bureau and the Department of Interior as to what could happen in those 15 days.

Commissioner Stewart asked if there is a chance that the Bureau could withdrawal the notice before March 4, 2019 and avoid the 15-day comment period. Ms. Crandell answered it could be possible. She is not certain as to what Commissioner Burman is looking for in terms of a definition for "complete." Is it just the intrastate agreements or completion of all the interstate agreements? She has not heard from the Bureau as to what is considered "complete." There would probably be a strong motivation for the Bureau to withdraw the notice. Board members throughout the Lower Basin are concerned due to the Federal Notice.

Chairwoman Premsrirut commented that DCP is probably one of the most important issues facing the Commission and the State of Nevada. DCP is a herculean process with so many moving parts.

Chairwoman Premsrirut thanked Ms. Crandell on behalf of herself and the Commission for being on the frontlines of this very arduous process. She feels that Ms. Crandell's tenacity, background, and relationship with the key players are very vital in the process. The chairwoman is very comfortable and confident in Ms. Crandell spearheading this on behalf of the Commission.

A copy of the hydrology report was attached and made a part of the minutes. See Attachment C.

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.)

Chairwoman Premsrirut asked if there were any comments or questions from the public.

There were none.

L. Comments and questions from the Commission members.

Chairwoman Premsrirut asked if there were any other comments or questions from the commission members.

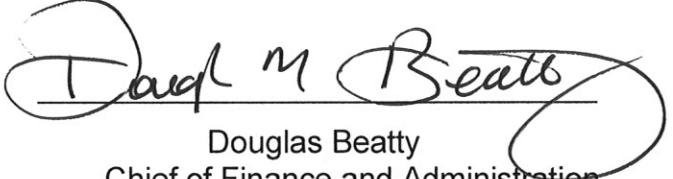
There were none.

M. Selection of next possible meeting date.

The next meeting is tentatively scheduled for 1:30 p.m. on Tuesday, March 12, 2019, at the Clark County Government Center in the Commission Chambers, 500 South Grand Central Parkway, Las Vegas, Nevada.

N. Adjournment.

The meeting was adjourned at 2:45 pm.


Douglas Beatty
Chief of Finance and Administration

APPROVED:



Puoy Premsrirut
Chairwoman