

The meeting was held at 1:03 p.m. on Tuesday, July 10, 2012, at the Grant Sawyer State Office Building, Suite 4412, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairman	George F. Ogilvie III
Vice Chairwoman	Marybel Batjer
Commissioner	Bob Coffin
Commissioner	J. Brin Gibson
Commissioner	Duncan R. McCoy
Commissioner	Berlyn D. Miller

COMMISSIONERS NOT IN ATTENDANCE

Commissioner	Tom Collins
--------------	-------------

DEPUTY ATTORNEYS GENERAL

Senior Deputy Attorney General	Jennifer T. Crandell
Senior Deputy Attorney General	Ann C. Pongracz

COMMISSION STAFF IN ATTENDANCE

Executive Director	Jayne Harkins, P.E.
Deputy Executive Director	James D. Salo
Chief of Finance and Administration	Douglas N. Beatty
Assistant Director of Engineering and Operations	Robert D. Reese
Manager of Energy Services	Gail A. Bates
Manager of Natural Resources Group	McClain L. Peterson
Hydropower Program Manager	Craig N. Pyper
Hydropower Program Specialist	Michael S. Harris
Natural Resource Analyst	Jason Thiriot
Natural Resource Analyst	Kimberly E. Maloy
Senior Energy Accountant	Gail L. Benton
Energy Accountant	Kalora Snyder
Office Manager	Judy K. Atwood
Administrative Assistant III	Carol L. Perone
Administrative Assistant II	Melissa Dibert

OTHERS PRESENT; REPRESENTING

Nevada Department of Transportation	Kathy Brusseau
NV Energy	Jaime Serrano Jr.
Overton Power District No. 5	Mendis Cooper

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF JULY 10, 2012**

INDEX

<u>Agenda Item</u>	<u>Subject</u>	<u>Page No.</u>
A.	Conformance to Open Meeting Law	1
B.	Comments and questions from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken.)	1
C.	<i>For Possible Action:</i> Approval of minutes of the June 12, 2012 meeting.....	1
D.	<i>For Possible Action:</i> Consideration of and possible action to approve a contract between Utility Services, Inc. and the Colorado River Commission of Nevada to provide compliance review services	1
E.	<i>For Possible Action:</i> Consideration of and possible action to approve an agreement between the Nevada Department of Transportation (NDOT) and the Colorado River Commission of Nevada (Commission) for reimbursement of construction costs for the relocation of the Commission’s transmission line structures due to NDOT’s Boulder City Bypass Project.....	3
F.	<i>For Possible Action:</i> Consideration of and possible action to authorize the Executive Director take all appropriate steps to pursue legislative action to allow the Colorado River Commission of Nevada (Commission) to carry out its responsibilities under the federal Hoover Power Allocation Act of 2011, including specifically, to seek the clear authority to serve new hydropower customers without subjecting the Commission to the jurisdiction of the Public Utilities Commission of Nevada.	5
G.	<i>For Information Only:</i> Introduction of the Colorado River Commission of Nevada’s fiscal 2014 and 2015 budget recommendation.	6
H.	<i>For Information Only:</i> Status update on the hydrologic conditions, drought, and climate of the Colorado River Basin, Nevada's consumptive use of Colorado River water, and other developments on the Colorado River.....	8

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF JULY 10, 2012**

INDEX

<u>Agenda Item</u>	<u>Subject</u>	<u>Page No.</u>
I.	Comments and questions 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.)	9
J.	Comments and questions from the Commission members	9
K.	Selection of the next possible meeting date.	9
L.	Adjournment.....	9

The Colorado River Commission meeting was called to order by Chairman Ogilvie at 1:03 p.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Jayne Harkins, Executive Director, confirmed that the meeting was in compliance with the Open Meeting Law.

B. Comments and questions 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.

C. For Possible Action: Approval of minutes of the June 12, 2012 meeting.

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

D. For Possible Action: Consideration of and possible action to approve a contract between Utility Services, Inc. and the Colorado River Commission of Nevada to provide compliance review services.

Gail Bates, Manager of Energy Services, gave a summary of the Utility Services, Inc. contract.

As an entity with physical interconnections to the regional high voltage electric grid, the Colorado River Commission of Nevada (Commission) is required to adhere to certain electric reliability standards. These reliability standards are promulgated and enforced primarily by the North American Electric Reliability Corporation (NERC) and its western Regional Entity, the Western Electricity Coordinating Council (WECC). Entities that are found to be in violation of these reliability standards are subject to penalties and enforcement action, including the imposition of significant fines.

Registered entities are subject to periodic audits by WECC. The Commission anticipates that it will be audited for the first time in 2013. To prepare for the audit, Staff has recommended contracting with an independent consultant to conduct a readiness review, or a “mock audit,” so that potential deficiencies in the Commission’s compliance plan can be uncovered and addressed well in advance of the upcoming audit.

In April of 2012, the Commission prepared a Request for Proposal (RFP) for compliance review services and sent the RFP to four different companies, including Utility Services, Inc. All four responded to the RFP. Staff evaluated the bids and selected Utility Services, Inc. as the most qualified bidder to provide the required services. Utility Services, Inc. also offered the lowest price. Utility Services, Inc. will provide compliance review services as specified in the RFP at a cost of \$8,000.00 for the initial audit plus

travel expenses estimated to be \$1,500.00. Additional tasks will be performed on a time and materials basis with the total contract not to exceed \$24,000.00. The contract with Utility Services, Inc. expires on August 31, 2015.

Staff recommended that the Commission approve the contract and authorize the Executive Director to sign it on behalf of the Commission.

Ms. Bates asked if there were any questions.

Commissioner Coffin inquired about the bid amounts submitted. He asked if a professional services contract does not require the results of other bidders to be shown.

Ms. Bates stated that this contract falls under the State's Purchasing Division's requirements to allow the Commission to do an informal bid process. An RFP was sent out and four responses were received.

Commissioner Coffin commented that the information would be more complete with the results of the other three bidders were included as well. There is no way to see the billing rates of the other bidders. There is no way to tell that the \$24,000.00 might be the end number but then again it might not be. There is a billing rate that could exceed it as well, and it would be good to know where this bid is in comparison to the hourly billing rates of the other bidders.

Ms. Bates stated that she could summarize the results but did not have the data on hand. Utility Services, Inc. had the lowest hourly rates as well as the lowest portion of the fixed contract. She stated that she could provide that information to the Commissioners.

Commissioner Coffin asked if Ms. Bates is attesting that Utility Services, Inc. offered the lowest bid.

Ms. Bates attested that Utility Services, Inc. had the lowest bid.

Chairman Ogilvie asked if there were any other comments or questions from the Commissioners.

Commissioner Gibson commented that he wanted to state for the record that he appreciates that the Commission went through a modified RFP process, and that he thinks it is important going forward. As a new member of the Commission he has seen a lot of contracts that have been renewed and he likes this process much better.

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

Commissioner McCoy moved for approval of the contract with Utility Services, Inc. for compliance services. The motion was seconded by Commissioner Coffin and approved by a unanimous vote.

E. *For Possible Action:* Consideration of and possible action to approve and agreement between the Nevada Department of Transportation (NDOT) and the Colorado River Commission of Nevada (Commission) for reimbursement of construction costs for the relocation of the Commission's transmission line structures due to NDOT'S Boulder City Bypass Project.

Robert Reese, Assistant Director of Engineering and Operations provided a summary of the agreement.

The Nevada Department of Transportation (NDOT) is planning a highway improvement project on State Highway 93/95 in the Railroad Pass area (the Boulder Bypass Project). The Boulder Bypass Project requires the Colorado River Commission of Nevada (Commission) to relocate a portion of its River Mountains Project 230-kV transmission line.

The facilities to be relocated include the Newport/Mead 230-kV transmission structure and the Equestrian #1 230-kV transmission structure. The project requires the relocation of the two structures 10 feet south of their current locations and raising the structures to 85 feet for the clearances necessary to accommodate the Boulder Bypass.

NAC 408.343 authorizes NDOT to authorize the Commission to relocate its electric transmission facilities as needed to accommodate the Boulder Bypass Project, provided that the Commission supplies to NDOT an estimate of the cost of the relocation, and provided that NDOT and the Commission enter into a written agreement. NDOT and the Commission have negotiated the agreement which is proposed for approval by the Commission.

The Commission's total estimated cost for electric transmission facility relocation is \$400,000.00. Details of the estimated costs are set forth in Exhibit G of the agreement. Actual costs might exceed this original estimated cost and NDOT agrees to pay the Commission's actual costs.

Staff recommended the Commission approve the agreement and authorize the Executive Director to sign it and its accompanying exhibits on behalf of the Commission.

Mr. Reese asked if there were any questions.

Chairman Ogilvie asked who is going to do the actual work.

Mr. Reese stated that the urgency of this project is to get the administration portion done to ensure NDOT has the contracts in place for their federal funding. The actual work will not take place until the fall 2013. There are a couple of options currently being worked on internally. One option would be to use existing maintenance contracts, because it is a modification to our existing facilities. This project affects the Mead/Newport 230-kV line which is part of the Commission's facilities. The other option being looked at would be a Request for Proposal (RFP) to solicit a contractor to do the work. Typically on a project like this the Commission orders all of the materials ahead of the project and then uses the labor agreements currently in place to complete this type of work.

Chairman Ogilvie asked how the \$400,000.00 estimated cost was generated.

Mr. Reese explained that the cost estimated was generated by Commission staff. Staff breaks down the components for materials and then solicited through the labor contracts an estimate on labor to complete that type of work.

Chairman Ogilvie stated that taking into consideration Commissioner Gibson's comment on Agenda Item D, are there additional internal costs that the Commission would incur in sending out an RFP, rather than modifying existing contracts.

Mr. Reese stated that he couldn't quantify any cost impact tied to whether an RFP is used. One of the advantages of using the existing maintenance contractors is that they are familiar with the Commission's operations, safety practices and standards, and know how to adhere to the Commission procedures when performing this type of work. An inspector is on site when doing this type of work. The downside to soliciting contractors to do this type of work is receiving a wide variety of contractors that may or may not be qualified for the work. It is the Commission's responsibility to ensure that we do get qualified contractors. Dollar wise there is a possibility that use of other contractors may or may not be cheaper.

Chairman Ogilvie stated that presumably our current maintenance contractors would be submitting bids to perform this work.

Mr. Reese stated correct. One of the advantages of having a current contractor do the work is that the work would be completed on a time and materials basis. On the other hand, if the Commission prepares an RFP and does a hard bid, there is always the possibility that the bidder may put in unknown conditions. Sometimes a hard bid is a little bit higher than a bid based on time and materials, and sometimes it is not.

Chairman Ogilvie asked if this type of contract is sent out for an RFP, would the Commission be obligated to select the lowest responsible bid.

Mr. Reese responded that it would not obligate the Commission to select that contractor. The downside is it may leave room for some type of litigation or protest.

Commissioner McCoy asked if the reimbursement from NDOT is not contingent on which method of acquiring labor to do this project. The Commission will be reimbursed for the costs of the project whichever way is chosen. Is that correct?

Mr. Reese replied that is correct. In this contract NDOT does not dictate the means and method of the Commission's operation when this type of work is done. It gives the Commission the latitude to ensure the work meets and exceeds our standards. The Commission did complete an RFP process on existing maintenance contracts, which allows the use of contracted vendors that support the local economy.

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

Vice Chairwoman Batjer moved for approval of the agreement with NDOT. The motion was seconded by Commissioner McCoy and approved by a unanimous vote.

F. *For Possible Action:* Consideration of and possible action to authorize the Executive Director take all appropriate steps to pursue legislative action to allow the Colorado River Commission of Nevada (Commission) to carry out its responsibilities under the federal Hoover Power Allocation Act of 2011, including specifically, to seek the clear authority to serve new hydropower customers without subjecting the Commission to the jurisdiction of the Public Utilities Commission of Nevada.

Ms. Harkins stated that Staff recommends the Commission authorize the Executive Director to pursue legislation allowing the Commission to serve new hydropower allottees to implement the Hoover Power Allocation Act of 2011.

Current Hoover Hydropower Contracts between the Western Area Power Administration (Western) and the Commission, as well as hydropower contracts between the Commission and its Nevada customers, expire on September 30, 2017. Congress' passage of the Hoover Power Allocation Act of 2011 lays the groundwork for the Commission to offer new Hoover hydropower contracts effective on October 1, 2017 for a fifty (50)-year term through September 30, 2067. Under that legislation, current Hoover customers will be "offered" post-2017 contracts for ninety-five percent (95%) of their current allocations of contingent capacity and energy. The legislation set aside the remaining five percent (5%) of available contingent capacity and energy as a resource "pool" to be offered to "new allottees." The Nevada share of this resource pool is approximately eleven (11) megawatts.

The Commission, Western, and the Arizona Power Authority each are directed by the federal legislation to select and make allocations to new allottees for designated portions of the available resources in the pool. The federal legislation contemplates the Commission will enter into new fifty (50)-year hydropower contracts with its current customers and with new customers who are not currently receiving an allocation of Hoover hydropower from the Commission.

Conceptually the Commission possesses adequate statutory authority under NRS Chapter 538 to contract to sell electricity and related services to its current Hoover hydropower customers and any new allottee-customers selected through allocation procedures as mandated by the Hoover Power Allocation Act of 2011. However, NRS 704.787 states that the Commission may serve only the customers listed therein without subjecting itself to the jurisdiction of the Public Utilities Commission of Nevada (PUCN). As a sister state agency, the Commission does not seek to subject itself to the jurisdiction of the PUCN. Therefore, NRS 704.787 appears to present an obstacle to the Commission's ability to carry out its responsibilities under the Hoover Power Allocation Act of 2011.

In order to fulfill its statutory trust responsibility to protect Nevada's share of power generated at Hoover Dam while implementing the "new allotments" mandated by the Hoover Power Allocation Act, Staff recommends the Commission seek during the 2013

Session of the Nevada Legislature the clear authority to serve new allottees for a full fifty (50)-year term without subjecting itself to the jurisdiction of the PUCN. Staff recommends the Commission authorize the Executive Director take all appropriate and necessary steps to seek the clear legislative authority to serve the new allottees for a full fifty (50)-year term without subjecting itself to the jurisdiction of the PUCN. Final contracts will be brought to the Commission for consideration and approval.

The Commission has briefed the Governor's staff. Staff at the Governor's office has recommended the Commission submit a Bill Draft Request (BDR) to the Department of Administration which is where BDR's are compiled for all of the agencies. The Commission has completed the BDR submission and has not heard if the Governor's office plans to sponsor this legislation. In seeking this authority, the Commission will work with the Governor's office or other committees on getting approval and submitting BDR's to change the legislation.

Ms. Harkins asked if there were any questions from the Commissioners.

Commissioner Coffin stated that there is never a guarantee that the Governor would put this BDR into a package.

Ms. Harkins confirmed that is true. If the Governor does not include the BDR, then the Commission would seek assistance through the Interim Committee on Public Lands or go to another legislator. The Commission has other options in order to continue seeking a bill sponsor.

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

Commissioner Miller moved for approval to authorize the Executive Director to pursue legislation allowing the Commission to serve new hydropower allottees to implement the Hoover Power Allocation Act of 2011. The motion was seconded by Vice Chairwoman Batjer and approved by a unanimous vote.

G. *For Information Only:* Introduction of the Colorado River Commission of Nevada's fiscal 2014 and 2015 budget recommendation.

Douglas Beatty, Chief, Finance and Administration, presented the Commission's fiscal 2014 and 2015 budget recommendations to the Commission.

This agenda item will introduce the draft budget to the Commission and public. The budget was mailed to the Commission's customers early in July. Staff is reviewing the budget with the customers and taking comments and questions. At the present time, Staff has reviewed the budget with the Southern Nevada Water Authority representatives. Meetings with the other customers will be arranged as requested.

The draft budget is presented in the same format as in prior years, and reflects the estimated costs of current projects and operations.

Staff will review the highlights of the budget at this meeting and take any questions. The Commission and customers will then have time to continue the review of the budget prior to it being placed on the August or September meeting for Commission adoption.

Mr. Beatty asked if there are any questions.

Chairman Ogilvie asked if the dollar amount listed for the request of deleting one position and adding three new positions was an annual or bi-annual figure.

Mr. Beatty responded that the total was an annual amount, and that there is no target date to fill the positions.

Commissioner Miller asked if there was still a freeze on new positions.

Mr. Beatty answered that there is no longer a freeze on new positions. If the agency can demonstrate adequate funding is available to fill the positions, directors have approval authority to fill the positions, and the request to hire does not need to go through the budget office at this point in time.

Commissioner Miller inquired about the Attorney General charges listed in the draft budget.

Mr. Beatty responded that the Attorney General costs are fully loaded costs which include administrative costs of Attorney General's office in addition to the salaries.

Commissioner Miller asked why the Commission is charged those administration costs since the Senior Deputy Attorneys General are housed in the Commission's office.

Mr. Beatty stated that it is just part of the way the Attorney General's office allocates the costs to all agencies. Pursuant to the cost allocation across the whole State, the Attorney General's office cannot treat any one agency differently than the others since this might jeopardize federal funding.

Commissioner Miller stated that most agencies do not have their assigned Deputy Attorney General housed in their offices.

Mr. Beatty stated that is correct, the Commission felt that it would better accommodate the needs of the Commission to have them housed internally at the Commission rather than at the Attorney General's office. This was a Commission request.

Commissioner Miller stated that it would seem to mean that the administrative costs would be adjusted due to that difference.

Mr. Beatty stated that the Commission's estimate is high and will be adjusted once the final cost estimates are received from the Office of the Attorney General.

Vice Chairwoman Batjer stated that in the past some of the Commission customers stated that they had not seen the Commission's budget, and asked if there is a way to note the Commission did ask the customers to review the budget and to note their response.

Mr. Beatty stated that there has been some staff turnover in terms of customer representatives since the last budget submission, and the information may not have been passed on from previous representatives.

Chairman Ogilvie asked for Commissioners discussion on whether to have an August meeting to approve the budget prior to the submission deadline, or ratifying the budget submission at the September Commission meeting.

Vice Chairwoman Batjer stated that she was fine for ratifying the budget in September.

Commissioner McCoy stated he was also fine with the September date since there is not a significant difference expected in the draft budget and the final submission.

<p>H. <i>For Information Only:</i> Status update on the hydrologic conditions, drought, and climate of the Colorado River Basin, Nevada's consumptive use of the Colorado River water, and other developments on the Colorado River.</p>

Kimberly Maloy, the Commission's Natural Resources Analyst, provided a report on the following:

- Unregulated Inflow Into Lake Powell
- Storage Conditions
- Storage Conditions Comparison
- Precipitation – Colorado River Basin
- Lake Powell End of Month Elevations
- Lake Mead End of Month Elevations
- Colorado River Basin above Lake Powell
- Seasonal Precipitation, October 2011- June 2012
- Las Vegas, NV January – June Total Precipitation
- This Day in History
- U.S. Drought Monitor
- U.S. Seasonal Drought Outlook
- Water Use in Southern Nevada
- Nevada's Consumptive Use of Colorado River Water (2011 and 2012)

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

Commissioner Coffin asked Staff to include 30-year average on lake elevation levels in future presentations for comparison purposes.

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

Ms. Harkins provided an update on the Glen Canyon Dam Environmental Impact Statement (EIS). The Seven Basin States got together and developed an alternative with some of the scientists that work in the Grand Canyon. The alternative was submitted to the Department

of Interior for consideration in their EIS process. The States will be briefing the Assistant Secretary for Water and Science on July 13, 2012 regarding the alternative.

Ms. Harkins also provided an update on the Navajo–Hopi settlement. The Hopi Tribal Council approved the settlement and the Navajo Tribal Council did not approve the settlement. The Navajo tribe attorneys are looking at the next steps. If the settlement does not go through and we get the federal legislation and settlement by the end of the year, we will very likely be back in litigation with the Navajo tribe.

I. Comments and questions 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.

J. Comments and questions from the Commission members.

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

K. Selection of the next possible meeting date.

The next meeting was tentatively scheduled for 1:00 p.m. on Tuesday, September 11, 2012, at the Clark County Government Center, Las Vegas, Nevada.

L. Adjournment.

The meeting adjourned at 1:51 p.m.

Jayne Harkins, P.E., Executive Director

APPROVED:

George F. Ogilvie III, Chairman