



March 27, 2017

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City Manager

Colorado River Commission of Nevada
555 E. Washington Ave., Suite 3100
Las Vegas, NV 89101

RE: Comment on Draft Order For Reallocated Hydropower Resources

Dear Commissioners:

The City of Las Vegas concurs with Commission’s Draft Order in the matter of the Reallocation of Hydropower Resources Formerly Held By American Pacific Corp. As detailed in the Order, the City will use the reallocated capacity and energy from the 2017 BCP resource for its wastewater treatment operations and will work with the Commission staff to move forward once approved by the Commission.

Sincerely,

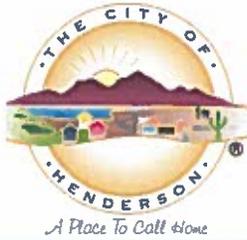
Marco N. Velotta, AICP
Planning Department
Office of Sustainability
City of Las Vegas
333 N. Rancho Dr,
Las Vegas, NV 89106

CC: Tom Perrigo, AICP, Director – Planning Department
Betsy N. Fretwell, City Manager

**DEVELOPMENT
SERVICES CENTER**
333 N. RANCHO DRIVE
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CITY OF HENDERSON
240 Water Street
P. O. Box 95050
Henderson, NV 89009-5050

March 20, 2017

Jayne Harkins, P.E., Executive Director
Colorado River Commission of Nevada
555 E. Washington Ave., Suite 3100
Las Vegas, NV 89101-1065

Subject: Hoover Power A Reallocation

Dear Ms. Harkins:

On behalf of the City of Henderson, we would like to thank the Colorado River Commission of Nevada for proposing an allocation of 9.49 million kwh per year of Hoover Power A to the City of Henderson.

We remain committed to be one of the premier communities in the country. This allocation would enable the City to achieve significant cost savings, which in turn would benefit everyone who lives, works and recreates within the City. We appreciate your assistance in our effort to obtain this allocation of power.

Sincerely,

Robert A. Murnane, P.E.
City Manager

PH:stw

cc: Adrian Edwards, City of Henderson
Priscilla Howell, City of Henderson
Craig Pyper, Colorado River Commission
Suzette Wheeler, City of Henderson

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David Luttrell
General Manager
Phone: (775) 962-5122
Fax: (775) 962-5299
Email: dluttrell@lcpd1.com

LINCOLN COUNTY POWER DISTRICT NO. 1
HC 74 Box 101
Pioche, Nevada 89043

March 31, 2017

VIA ELECTRONIC MAIL

Colorado River Commission of Nevada
555 E. Washington Avenue, Ste. 3100
Las Vegas, NV 89101-1065
crcpower@crc.nv.gov

Re: Draft Commission Order Establishing Reallocations of Hydropower Resources
Formerly Held by American Pacific Corp

Dear Commissioners:

Thank you for the opportunity to submit comments on the Colorado River Commission of Nevada's ("**CRC**") draft Commission Order Establishing Reallocations of Hydropower Resources Formerly Held by American Pacific Corp (the "**Draft Order**").

After careful review of the process and selection criteria that CRC used with respect to the Draft Order, Lincoln County Power District No. 1 ("**LCPD**") has concluded that CRC satisfied the requirements of applicable Nevada law and regulations, as well as CRC's own, previously-established guidelines.

In addition, LCPD supports the Draft Order's recommendations and notes they are consistent with applicable federal law when it comes to the Draft Order's subject matter. Specifically, Congress and various courts have previously directed parties in the position that the CRC finds itself in to give certain types of geographic areas and customers (specifically, public bodies) preference for the purchase of hydropower. Two of the goals for such preference are (i) to direct the benefits of public resources (i.e., hydropower) to portions of the public through nonprofit entities, and (ii) to encourage the development of rural areas.

LCPD appreciates the competing demands of a dynamic marketplace that the CRC must balance. Hence the importance of reliance upon existing law and precedent for these decisions. The Draft Order and its recommendations are consistent with this law and precedent.

Sincerely,

A handwritten signature in blue ink that reads "David Luttrell".

David Luttrell
General Manager

April 5, 2017

Puoy Premsrirut, Chairwoman
Colorado River Commission of Nevada
555 East Washington Avenue, Suite 3100
Las Vegas, Nevada 89101-1065

RE: SNWA Comments to CRC Draft Commission Order - Reallocations of Hydropower Resources

Dear Chairwoman Premsrirut:

The Southern Nevada Water Authority (SNWA) would like to thank the Colorado River Commission of Nevada (CRC) for the opportunity to comment on the draft Commission Order in the matter of the Reallocation of Hydropower Resources Formerly Held by American Pacific Corp., dated March 6, 2017 (draft order). Pursuant to Nevada Administrative Code 538.455(5), SNWA requests the Commission modify the draft order as described in these comments. SNWA's comments address the Boulder Canyon Project (BCP) reallocations only, as SNWA did not apply for an allocation of the Salt Lake City Area Integrated Projects (SLCAIP) resource.

Other than Valley Electric Association, who is proposed to receive 100 percent of the SLCAIP reallocation, the draft order would reallocate the BCP resource to the other six public entities that applied for it, but would not allocate *any* of the BCP energy to SNWA. Instead, SNWA would receive only a BCP capacity allocation and the Lincoln County Power District (LCPD) would receive only a BCP energy allocation. This proposed reallocation would be inconsistent with at least two of the criteria for reallocation because it would not "achieve the greatest possible benefit to the state," and the BCP energy would not be awarded to an applicant that has "sufficient load to fully utilize the allocated resource."

To ensure that the reallocation to the six public entities achieves the greatest benefit to the state and provides energy to the entities that have sufficient loads to fully utilize it, SNWA respectfully requests that the allocations be modified to equally allocate 16.67 percent of the capacity *and* energy to each of the six public entities being considered for it -- including SNWA.

The draft order separates the BCP resource into two components: capacity and energy. Energy can only be utilized if the recipient also has sufficient capacity to accommodate the energy. Capacity establishes the maximum amount of energy that can be scheduled in any given hour. If an entity has more capacity rights than the entity has energy to fill that capacity for each hour, the entity will have flexibility in shaping its energy schedule over the hours of the day to meet its needs. All of the six public entity applicants currently have sufficient capacity rights to allow their energy consumption schedule to be favorably shaped.

The draft order justifies awarding SNWA only capacity by stating that "SNWA appeared to be short on capacity." However, not only does SNWA have sufficient capacity to accommodate all of its energy allocation, SNWA also has enough surplus capacity to flexibly shape nearly all of its energy allocation

Puoy Premsrirut, Chairwoman

April 5, 2017

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during peak hours of the day when energy is most valuable. Since SNWA already has sufficient capacity to flexibly schedule its energy consumption, additional capacity from the BCP is of very little value to SNWA.

Moreover, SNWA did not, and would not, request an allocation of only capacity from the BCP. This is because the *cost* of BCP power allocations is split roughly 30 percent for capacity and 70 percent for energy. The *value* of BCP power allocation; however, comes almost entirely from energy, not capacity. Buying BCP capacity without BCP energy is, under these circumstances, like buying a water hose that's never connected to the spigot. The hose has some intrinsic value while unconnected as security for when water is needed, but its real value is in regularly using it to move water from point A to point B. It is not economical for SNWA to pay for BCP capacity only, as the additional capacity would have little or no practical value. In order to provide water that supports 70 percent of Nevada's population and 70 percent of its economy, SNWA needs both energy and capacity from the BCP reallocation. Reallocating energy and capacity to SNWA produces the greatest state benefit as required by NAC 538.455.

The draft order justifies awarding Lincoln County Power District (LCPD) only energy by stating that "LCPD appeared to be short on energy." However, LCPD already receives more than 90 percent of its energy needs from the BCP while SNWA receives less than 7 percent of its energy needs from the BCP. Based on these percentages, SNWA is the entity that is "short" on energy from the BCP. Moreover, LCPD does not have a sufficient load to fully use its existing allotment of BCP energy. LCPD transfers surplus energy to Overton Power District several months each year because LCPD's loads are not sufficient to exhaust its energy supply. In order to ensure that BCP energy is fully used by entities that have BCP allocations, thereby maximizing the benefit to the state, SNWA should be allocated both BCP energy and capacity.

In summary, SNWA recommends that the draft order be modified to include SNWA in an equal allocation of 16.67 percent of the energy and capacity to the six public entities being considered for a BCP reallocation. Should any of the other public entities would prefer it, after an equitable allocation of capacity and energy, SNWA would be open to trading its capacity portion of the allocation for another entity's energy portion of the allocation.

Thank you for the opportunity to provide comments.

Sincerely,



Scott P. Krantz

Director of Energy Management



Valley Electric Association, Inc.

Your Touchstone Energy® Cooperative



March 8, 2017

Ms. Jayne Harkins, P.E.
Executive Director
Colorado River Commission of Nevada
555 E. Washington Avenue, Suite 3100
Las Vegas, NV 89101

Subject: Reallocation of Hydropower Resources

Dear Ms. Harkins:

I am writing you today in support of the March 6, 2017 Draft Order establishing reallocations of hydropower resources formerly held by American Pacific Corp. We are grateful for our allocation. If any further resources become available or other entities do not take their allocation of these resources, we would be happy to assist the Commission. Valley Electric Association appreciates this opportunity to comment on this matter.

Sincerely,

Daniel Tillman
Chief Executive Financial Officer
Valley Electric Association, Inc.
(775) 727-2110
dant@vea.coop

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**LINCOLN COUNTY POWER DISTRICT NO. 1
HC 74 Box 101
Pioche, Nevada 89043**

April 17, 2017

VIA ELECTRONIC MAIL

Colorado River Commission of Nevada
555 E. Washington Avenue, Ste. 3100
Las Vegas, NV 89101-1065
crcpower@crc.nv.gov

Re: Response to Comments to Draft Commission Order Establishing Reallocations of Hydropower Resources Formerly Held by American Pacific Corp

Dear Commissioners:

After reviewing comments submitted to you concerning the draft Commission Order Establishing Reallocations of Hydropower Resources Formerly Held by American Pacific Corp (the "**Draft Order**") of the Colorado River Commission of Nevada ("**CRC**"), Lincoln County Power District No. 1 ("**LCPD**") concluded it might aid you in your determination regarding the Draft Order if LCPD corrected certain incorrect statements, and provided context to other statements, made in those comments that concerned LCPD's use of energy from the Hoover Dam ("**Hoover**") and its relationship with the Overton Power District ("**OPD**"); and statements made regarding the determination of the greatest benefit to Nevada.

LCPD uses all Hoover energy it currently receives. In fiscal year 2016, LCPD purchased a 90,006,006 kWh in total, of which 77,346,799 kWh (i.e., only 86%) came from Hoover. Hence LCPD can and does fully utilize its current Hoover allocation. Since LCPD must purchase additional needed energy from the wholesale market at prices typically higher than Hoover's prices, LCPD could absolutely fully use the additional energy allocated under the Draft Order.

LCPD's relationship with OPD merely shapes LCPD's usage of Hoover energy. LCPD uses a cooperative agreement with OPD to shape LCPD's Hoover energy to meet LCPD's needs. Under this arrangement, typically during March, April and May, LCPD conveys some Hoover energy to OPD, while typically during June, July, and August, OPD returns Hoover energy to LCPD. This shaping of the resource to meet local utility needs, which in the case of LCPD is driven by summer irrigation loads, occurs with CRC's full consent and understanding historically; it is also allowed for and contemplated in the new contracts executed by LCPD and CRC for Hoover hydropower.

The Commission alone decides what “achieve[s] the greatest possible benefit to” Nevada. A reading of the LCPD application in comparison to the lack of information provided by the entity questioning reallocation of energy to LCPD would clearly support why CRC’s staff proposed the reallocations as presented in the draft Commission Order. We will not reiterate all of the information presented in LCPD’s application to the Commission but will summarize the key three arguments.

- First, reallocation of hydropower resources to LCPD as proposed by CRC staff will assist job growth and job creation in rural Nevada. In support of this statement LCPD demonstrated in its application:
 - LCPD is a not for profit utility and directly passes on the economic benefit of Colorado River hydropower directly to the customers it serves,
 - LCPD serves the most impoverished county in Nevada,
 - the primary industry in the area served by LCPD is agriculture which is increasing in production output, but requires affordable electric service in order to compete with producers in other geographic regions
 - LCPD serves the most rural area of Nevada and as such LCPD has high fixed operating costs and a high investment in utility plant per customer when compared to other utilities in Nevada, and
 - receipt of a portion of the reallocated hydropower would allow LCPD to reduce the amount of higher priced, natural gas fueled, generation that LCPD must purchase on the wholesale markets.
- Second, reallocation of hydropower resources to LCPD as proposed by CRC staff minimizes contractual and financial risk to the Commission. In support of this statement LCPD demonstrated in its application:
 - LCPD has a proven track record of working with CRC,
 - LCPD and CRC have a common legislated mission and purpose to utilize federal hydropower for the benefit of Nevada,
 - LCPD is financially healthy and has the ability to set its own rates in the future to ensure operating expenses are covered with no third party approval required, and
 - LCPD has fully complied with all obligations in the numerous contracts LCPD has had with CRC over the past 80 years.

- Third, reallocation of hydropower resources to LCPD as proposed by CRC staff ensures there will be no delay in meeting the required date of October 1, 2017 to begin receiving these resources. In support of this statement LCPD demonstrated in its application:
 - LCPD has an immediate need for the resources, and
 - LCPD can easily integrate the resources into its resource portfolio with no additional third party contracts or third party approvals.

LCPD greatly values its collaborative relationship with the CRC and productive relationships with the other public entities receiving allocations under the Draft Order. We appreciate having this opportunity to further assist the CRC with its decision.

Sincerely,

A handwritten signature in blue ink that reads "David Luttrell". The signature is written in a cursive style with a large initial "D".

David Luttrell
General Manager