

BEFORE THE COLORADO RIVER COMMISSION OF NEVADA

--- DRAFT ORDER ---

**ORDER ESTABLISHING ALLOCATIONS OF POWER
FROM THE POST-2017 RESOURCE POOL FOR THE
BOULDER CANYON PROJECT (HOOVER DAM)**

At the regular meeting of the Colorado River Commission of Nevada (“Commission”) on September 8, 2015, a public hearing was held on the proposed allocation of Schedule D Hoover power to Nevada Applicants.

PRESENT: Chairman George F. Ogilvie III
Executive Director Jayne Harkins, P.E.
Commissioner Sam Bateman
Commissioner Kara J. Kelley
Commissioner Duncan R. McCoy
Commissioner Puoy K. Premsrirut
Commissioner Steve Sisolak
Commissioner Cody T. Winterton

I. INTRODUCTION

The Commission represents and acts for the State of Nevada in the negotiation and execution of contracts for the purchase of hydropower from federal generation facilities “for the greatest possible benefit to this state” (Nevada Revised Statutes (“NRS”) 538.161, 538.181).

In 2011, the United States Congress passed the Hoover Power Allocation Act (“the Act”) (H.R. 470, Public Law 112-72, 125 Stat. 777), which authorized the Western Area Power Administration (“Western”) to offer new 50-year contracts (2017-2067) to existing federal Hoover contractors at 95 percent of their current allocations under Schedules A and B, and created a resource pool of the remaining 5 percent of Hoover power resources for allocation under Schedule D to “new allottees” which have not previously received Hoover power (“Post-2017 Resource Pool”). The Act authorized Western to directly allocate 69,000 kilowatt (kW) of capacity and 151,013,000 kilowatt hour (kWh) of energy from the Post-2017 Resource Pool within its defined marketing area in portions of Arizona, California, and Nevada; and established a process for allocation of an *additional* 11,510 kW of capacity and 25,113,000 kWh of energy within each state. The Act designated the Commission to allocate this additional resource to new allottees in Nevada.

The Commission pursued legislation in the 2013 session of the Nevada Legislature to obtain authority to serve the new Schedule D Hoover power allottees without becoming subject to the jurisdiction of the Public Utilities Commission of Nevada. This legislation was enacted and the Commission’s additional authority to serve these new customers is contained in NRS 704.787.

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Following the enactment of these amendments to NRS 704.787, Commission Staff developed proposed revisions to the Commission regulations contained in Nevada Administrative Code (“NAC”) Chapter 538, to provide for the allocation and marketing of Schedule D Hoover power in Nevada (“2014 revisions to NAC 538”). These proposed revisions to the regulations were approved by the Commission on June 10, 2014, approved subsequently by the Legislative Commission, becoming effective on June 23, 2014, and await codification into the NAC.

Commission Staff developed the proposed Schedule D Hoover power eligibility and allocation criteria and Application Form through the public process authorized by the 2014 Revisions to NAC 538. The proposed eligibility and allocation criteria and Application Form were approved by the Commission on November 13, 2014. The approved eligibility and allocation criteria and Application Form are attached to this Order as Exhibit A.

On November 17, 2014, Commission Staff issued a Notice of Public Meetings on Allocation Criteria for Marketing Nevada’s Share of Schedule D Hoover Power and Call for Applications.

On December 4-5, 2014, Commission Staff held public meetings in Overton, Pahrump, and Las Vegas, Nevada to present and answer questions about the approved eligibility and allocation criteria, the Application process, and to provide guidance for completing the Application Form.

Applications were accepted between December 5, 2014 and January 9, 2015. On or before January 9, 2015, Applications were received from the following entities:

Academica Nevada	Las Vegas Valley Water District
City of Henderson	Moapa Valley Water District
City of Las Vegas	National Nuclear Security Administration
City of Mesquite	Nevada Department of Transportation
City of North Las Vegas	Nye County Entities
Clark County Water Reclamation District	Pioneer America’s LLC d.b.a. Olin
Henderson Libraries	University of Nevada, Las Vegas
Las Vegas Paiute Tribe	

Commission Staff received late filed Applications from the Nevada Department of Administration and the Nevada Department of Corrections on January 29 and February 2, 2015 respectively.

Commission Staff evaluated each Application for completeness, and creditworthiness, verified electric load data, and determined if the approved eligibility criteria were met. In order to assist the Commission in its consideration of the pending Applications, information for all Applicants is set forth in Exhibit B.

On March 9, 2015, Commission Staff issued a Notice and Request for Comments on a Draft Commission Order Establishing Allocations of Power from the Post-2017 Resource Pool for the Boulder Canyon Project. Comments were due by April 8, 2015.

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The Commission received written comments from the following nine entities:

Academica Nevada	Nevada Department of Corrections
City of Henderson	Pioneer America's LLC d.b.a. Olin
City of Las Vegas	University of Nevada, Las Vegas
Clark County Water Reclamation District	Valley Electric Association
Nevada Department of Administration	

After reviewing the comments on the Draft Commission Order, Staff sought guidance from the Commission at its regularly scheduled Commission meeting on June 9, 2015, regarding whether Staff should propose to grant the waivers of the Commission-approved Hoover eligibility requirements that had been requested by Academica Nevada, the Nevada Department of Administration and the Nevada Department of Corrections. The Commission provided guidance to Staff that Academica Nevada should be considered ineligible for an allocation for an allocation due to its inability to meet the eligibility requirement of demonstrating an historic annual peak load of a least 1 MW during the defined three-calendar years, 2011, 2012, and 2013, and that the Department of Administration and Department of Corrections should be considered ineligible for an allocation due to late filing of their Applications.

Throughout the Post-2017 allocation process, Commission Staff kept the public informed by providing notice of public meetings in accordance with Nevada's Open Meeting Law (NRS 241), sending information to interested parties, and making documentation available on the Commission's dedicated Hoover allocation website at www.crchooverallocation.com, which includes: notices of public meetings, meeting materials including PowerPoint slides and sign-in sheets, meeting minutes, questions from Applicants and the public and Commission Staff responses, and the adopted criteria and Application Form. Contact information for the Commission Staff is also reflected on that website.

The Commission will conduct a hearing on September 8, 2015, at which the Commission may take possible action to consider, and approve or reject, in whole or in part, the proposed allocations of 11,510 kW of Hoover Schedule D capacity and 25,113,000 kWh of Hoover Schedule D energy, pursuant to the Hoover Power Allocation Act of 2011.

II. SUMMARY

The Commission approves and adopts the following allocations of Schedule D Hoover Power.

Applicants	Capacity (kW)	Energy (kWh)
University of Nevada Las Vegas	3,000	6,545,526
Las Vegas Valley Water District	2,510	5,476,422
Pioneer Americas LLC dba Olin Chlor Alkali Products	2,000	4,363,684
Clark County Water Reclamation District	1,000	2,181,842
City of Mesquite	1,000	2,181,842
City of North Las Vegas	1,000	2,181,842
City of Henderson	1,000	2,181,842
Total	11,510	25,113,000

III. PROCEDURAL HISTORY

- On August 25, 2014, Commission Staff issued and posted the Notice, Agenda, and Proposed Eligibility and Allocation Criteria and Application Form.
- On September 11, 2014, Commission Staff held public meetings in Pahrump and Las Vegas, Nevada.
- On September 12, 2014, Commission Staff held a public meeting in Overton, Nevada.
- Commission Staff accepted oral and written comments by the comment deadline of September 17, 2014.
- Between September 11 and October 22, 2014, Commission Staff answered questions and considered comments received to develop the proposed eligibility and allocation criteria and Application Form for Commission approval.
- On November 13, 2014, the Commission approved the proposed eligibility and allocation criteria and Application Form.
- On November 17, 2014, Commission Staff issued a Notice of Public Comments on Allocation Criteria for Marketing Nevada's Share of Schedule D Hoover Power and Call for Applications.
- On December 4-5, 2014, Commission Staff held public meetings in Overton, Pahrump, and Las Vegas, Nevada to present and answer questions about the approved eligibility and allocation criteria and to provide guidance for completing the Application Form.
- Between December 5, 2014 and January 9, 2015, the Commission accepted Applications.
- Commission Staff evaluated each Application as it was received for completeness, creditworthiness, verified electric load data, determined if general eligibility criteria were met, and identified those Applicants which best met the approved allocation criteria.
- On March 9, 2015, Commission Staff issued a Notice and Request for Comments on Draft Commission Order Establishing Allocations of Power from the Post-2017 Resource Pool for the Boulder Canyon Project in accordance with NAC Chapter 538. Comments were due by April 8, 2015.
- Between April 8 and June 8, 2015, Commission Staff reviewed and prepared responses to the comments received on the Draft Commission Order.
- On June 9, 2015, the Commission provided guidance to Staff at its regularly scheduled Commission meeting, that Academica Nevada should be considered ineligible for an allocation due to its inability to meet the eligibility requirement to demonstrate an historic annual peak load of a least 1 MW during the defined three-calendar years, 2011, 2012, and 2013, and that the Department of Administration and Department of Corrections should be considered ineligible for an allocation due to late filing of their Applications.

IV. COMMISSION DISCUSSION

A. Introduction

The Commission received Applications for Post-2017 Hoover Schedule D power from 17 Applicants, 11 of whom met the eligibility requirements approved by the Commission on November 13, 2014. The applicants represented a broad cross-section of public and private entities in southern Nevada.

Section B of this Draft Order contains Commission Staff's original allocation recommendations and analysis, which were issued on March 9, 2015 for public review and comments.

Section C of this Draft Order contains Commission Staff's final allocation recommendations and analysis, which were prepared following Staff's receipt and review of public comments.

B. Discussion of Commission Staff's Initial Analysis of the Applications

Commission Staff evaluated each Application for completeness and creditworthiness, verified electric load data, and determined if the Application met the general eligibility criteria. And, in developing its recommendation regarding proposed allocations, Staff also considered how an Applicant's use of Schedule D Hoover power would provide the "greatest possible benefit to this state" consistent with the Commission's Approved Allocation Criteria. Staff also considered other information pursuant to the Criteria's Other Requirements and Conditions Section 2 including the percentage of an applicant's current load being served by non-Hoover hydropower, and whether an Applicant received an allocation of Schedule D Hoover power from Western.

In the March 9, 2015 Draft Order, Staff proposed for Commission approval the following proposed allocations of power from the Post-2017 Resource Pool for the Boulder Canyon Project (Hoover Dam):

1. Allocations of Schedule D Hoover Power to the University of Nevada, Las Vegas ("UNLV") and the Nye County Entities will support education

The Applications from UNLV and the Nye County Entities¹ each asserted that their Applications support the Nevada Governor's Office of Economic Development Plan ("GOED Plan") for advancing the educational goals of the state.

UNLV stated that a cost savings realized through an allocation of Schedule D Hoover power could allow UNLV to reallocate "funds to other priorities such as those that support or provide maximum benefit to all stakeholders involved in moving Nevada forward."

The Nye County Entities stated that over one-third of their electrical requirements are from schools. They indicated that any savings resulting from use of Hoover power would allow the county to divert monies to support education, economic development and support vital county services. The Nye County Entities cited the county's unemployment rate, which is one of the highest in the nation, and the effects of high employment on its schools, residents and local government services. In addition, the Nye County Entities stated that an allocation of Schedule D Hoover power to the Nye County Entities would support a rural area.

2. Allocation of Schedule D Hoover power to the Las Vegas Valley Water District ("LVVWD") will provide for economic growth by reducing water pumping costs

¹ The Nye County entities referenced in VEA's comment letter include Nye County and its member organizations listed in Nye County's Application for Hoover Schedule D power. The member organizations include Nye County School District, Beatty Water and Sanitation District, Pahrump Library District, Town of Amargosa Valley, Town of Beatty, and the Town of Pahrump ("Nye County Entities").

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The Application of the LVVWD, a not-for-profit governmental public utility, stated that a Schedule D Hoover power allocation would allow the agency to maintain lower costs for all its customers, as the reduced cost of Hoover hydropower would reduce the energy costs required for pumping water through the LVVWD service area. Stabilizing the costs of water would benefit the population in the greater Las Vegas valley and provide economic growth.

3. Allocation of Schedule D Hoover power to Olin will support economic development

Pioneer Americas LLC d.b.a. Olin Chlor Alkali Products (“Olin”) stated that the company has been an industrial mainstay in the City of Henderson for many years and that the company provides jobs and capital investment to the local community. Olin stated that the single biggest risk to their operations is the potential for future electricity cost increases that could threaten the viability of their operation, because the cost of electricity is one of their highest variable cost components. Olin stated that an allocation of Schedule D Hoover power would support the GOED Plan to maintain a diversified economic base and exports of products made in Nevada, and would mitigate cost volatility, ensuring that their operation will continue to present attractive growth opportunities to Olin and their Nevada business partners.

4. Allocation of Schedule D Hoover power to the City of Mesquite will support a local government and benefit a rural community

The City of Mesquite, a rural community in eastern Clark County, cited their population growth rate and the negative effect the economic downturn has had on their city services. The City of Mesquite stated that the savings realized through an allocation of Schedule D Hoover power would be used to support growth in their local economy, while helping keep taxes low for their residents.

5. Allocation of Schedule D Hoover power to the Cities of North Las Vegas and Henderson will benefit Nevada residents by reducing operating costs for these local government entities, supporting their water delivery responsibilities, and contributing to economic growth

The Application of the City of North Las Vegas stated that an allocation of Schedule D Hoover power would be used to power their Utility Department pump stations, groundwater wells and public facilities. The lower cost of electricity would also provide funds for additional system improvements to support economic development in the city.

The Application of the City of Henderson stated that an allocation of Schedule D Hoover power would reduce electricity costs for city buildings, facilities and operations. These savings will allow the city to reallocate funds to reinvest in necessary capital improvement projects to rehabilitate city streets, and repair aging buildings and other facilities that provide vital community services and programs. Investments in these capital improvement projects, operations, services and programs will facilitate job creation and continued economic growth.

6. Rejection of Late-Filed Applications

Applicants were required to submit their Applications by January 9, 2015. All of the Applicants who are recommended for allocations submitted their Applications by the January 9, 2015 deadline date. The Nevada Departments of Administration and Corrections did not submit their Applications until January 29 and February 2, 2015 respectively. Staff recommends these Applications be rejected as non-compliant with the eligibility requirements, consistent with the guidance received from the Commission on this issue at the Commission's regularly scheduled meeting on June 9, 2015.

7. Withdrawal and Rejection of Application due to insufficient load

Following Staff's initial evaluation, Henderson Libraries voluntarily withdrew their Application as they realized they did not meet the minimum one megawatt (MW) (1,000 kW) annual peak load requirement.

Staff determined that Academica Nevada was ineligible because they did not meet the minimum one MW annual peak load requirement prescribed by NRS 704.787 and the Commission-approved eligibility criteria, consistent with the guidance received from the Commission on this issue at the Commission's regularly scheduled meeting on June 9, 2015.

Similarly, Staff determined that the Moapa Valley Water District was ineligible because they did not meet the minimum one MW annual peak load requirement.

8. Rejection of Federal Agency and Las Vegas Paiutes Applications

Staff does not recommend an allocation to the National Nuclear Security Administration. The Criteria approved by the Commission include "support of state, local, and tribal governmental entities", and does not include federal agencies. It also should be noted that the National Nuclear Security Administration already receives a substantial allocation of federal hydropower from the Parker-Davis Project.

Similarly, Staff does not recommend an allocation to the Las Vegas Paiutes because they already have an allocation of federal hydropower from the Salt Lake City Area Integrated Projects, and have received an allocation of Schedule D Hoover power from Western (see Exhibit B).

9. Applications Not Recommended

In its initial analysis, Staff did not recommend allocations to the City of Las Vegas, Nevada Department of Transportation and Clark County Water Reclamation District (CCWRD) at this time, because it believed that the allocations set forth in section II above would provide greater benefit to the citizens of southern Nevada including direct benefit to education, economic growth in rural and urban communities, continued exports of made in Nevada products, and reduction in the costs of pumping water to many residents of southern Nevada.

C. Discussion of Commission Staff Re-Evaluation of its Initial Recommendation Regarding CRC Allocation of Post-2017 Hoover Power Following Receipt of Comments

Staff re-evaluated the allocations proposed in the March 9, 2015 recommendations, following receipt of comments by the April 8, 2015 deadline, to determine whether alternative allocations would provide a greater benefit to this state. In performing this re-evaluation, Staff was subject to two major constraints: 1) The Commission has only 11,510 kW of Schedule D Hoover power available for allocation, while the allocations requested by Applicants total more than 233,747 kW; and 2) NRS 704.787(1)(c) prohibits the Commission from approving allocations of less than 1,000 kW annual peak load.

Staff performed its re-evaluation consistently with the allocation criteria adopted by the Commission on November 13, 2014, placing emphasis on education, economic development, support for state and local government, benefit of economically disadvantaged areas, and benefit of rural communities.

In its re-evaluation, Staff considered the following points:

1. Should the Commission simply divide the available allocations among the eligible Applicants with less regard to how well each Application satisfies the allocation criteria approved by the Commission?

Table 1 shows allocation percentages if the Hoover Schedule D allocations were divided equally among the eligible Applicants.

***Table 1 – Data on Eligible Nevada Applicants’ Hoover Schedule D Allocations
If Available Resource is divided equally among eligible Applicants and their Hydropower
as a percentage of their total peak demand***

Applicant	Peak kW	kWh	Other Hydro Allocation	Western Hoover Allocation	CRC Hoover Allocation	Total Hydro Allocation	Percent Hydro to Peak
City of Mesquite	2,412	10,976,908			1,046	1,046	43%
Nye Co. Entities	3,300	14,855,078			1,046	1,046	32%
NDOT	3,976	13,509,941		116	1,046	1,162	29%
LV Paiute Tribe	4,246	7,156,376	410	688	1,046	2,144	50%
CCWRD	12,500	92,915,000		680	1,046	1,726	14%
North Las Vegas	17,695	49,826,644		763	1,046	1,809	10%
Henderson	20,277	85,322,188		906	1,046	1,952	10%
UNLV	22,120	96,669,160		305	1,047	1,352	6%
Las Vegas	22,497	145,450,083		1,054	1,047	2,101	9%
Olin	41,875	253,800,846			1,047	1,047	3%
LVVWD	82,849	171,824,975		3,000	1,047	4,047	5%
Total	233,747		410	7,512	11,510	19,432	8%

Western performed this type of quantitative analysis in its Hoover Schedule D allocation process, which was quite different from the qualitative approach approved by this Commission in its

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Order approved on November 13, 2014 following the receipt of comments from interested parties in the Staff's public outreach sessions objecting to this type of "mathematical" pro-rata division and asking Staff to propose a more qualitative distribution. Several commenters also requested that allocations "be of such a size that it makes sense for customers to receive it", and stating that there would be no real benefit to a Contractor to receive an allocation that was too small. On the other hand, Commenters also requested that allocations be spread wide enough to allow more than a select few to realize the benefits. In view of the limited amount of Hoover resource available for allocation, Staff recommends that the Commission not grant allocations on a pro-rata basis to all eligible Applicants and continue to apply its qualitative criteria which also comply with the statutory 1,000 kW minimum allocation, and authorize allocations to a wide range of Applicants, providing the greatest possible benefit to this state.

2. Should the Commission decline to grant an allocation to an Applicant because the Applicant does not currently have a transmission plan in place for delivery of the Hoover power?

Staff does not recommend that the Commission decline to grant an allocation to Applicants solely on the basis of not yet having a transmission plan in place. At this time, none of the Applicants has a transmission plan in place for delivery of Hoover Schedule D power. Under federal and state law, all Schedule D allottees have until October 2016 to secure transmission and delivery arrangements. Staff has been working and will continue to work with successful allottees and their host utilities to finalize transmission and/or delivery arrangements by October 2016.

3. Should the Commission decline to grant an allocation to an Applicant if there is no way for the Applicant to receive Hoover power, and granting such an application would create substantial administrative burdens?

Valley Electric Association (VEA) is a long-term Commission customer, which has received Hoover power from the Commission for over 50 years. VEA is the utility for the Nye County Entities. VEA submitted comments in this proceeding opposing an allocation of Hoover power to the Nye County Entities. Staff has reviewed VEA's comments, in which it expressed strong concerns regarding its ability to serve the many small loads of the Nye County Entities that are spread out over the breadth of VEA's service territory, and also argued that an allocation to the Nye County Entities would cause problems for both VEA and VEA's other customers. Staff has met with VEA to attempt to develop ways to address their concerns. However, these meetings have not resulted in solutions that satisfy all of VEA's concerns.

Staff also has concluded that, even if it was possible to reach an agreement with VEA regarding delivery arrangements, the administrative burden on both VEA and Commission Staff of serving the many small loads of the Nye County entities would reduce the benefit of the allocation to the State of Nevada. As a result, Staff is not able to recommend an allocation to the Nye County Entities at this time.

4. Does Staff recommend granting a different allocation at this time?

Yes, Staff recommends granting an allocation to CCWRD. An allocation to CCWRD would provide a widespread use throughout most of Southern Nevada and CCWRD is able to receive

the power at a single location, thus minimizing the administrative burden to the host utility and the Commission and associated costs of distribution of the allocation.

5. Will any other proposed allocation meet the allocation criterion of providing a benefit to rural areas?

Staff continues to recommend that the Commission grant the proposed allocation to the City of Mesquite. The Applicant has demonstrated that an allocation of Hoover Schedule D power would satisfy the allocation criteria of supporting rural areas, as well as supporting education and assisting an economically disadvantaged area. Also, Staff notes that the City of Mesquite did not receive an allocation in Western's Hoover Schedule D allocation process.

In addition, Staff notes that providing an allocation to both the LVVWD and CCWRD would provide a benefit to Southern Nevada residents in both rural and urban areas. CCWRD provides wastewater treatment to unincorporated Clark County in metropolitan southern Nevada and Laughlin excluding North Las Vegas and Henderson. The LVVWD provides water pumping, distribution and related services in metropolitan Las Vegas and areas of unincorporated Clark County, including Big Bend, Blue Diamond, Coyote Springs, Jean and Searchlight Water Districts.

6. Does Staff recommend any additional changes to the proposed allocations at this time?

No, Staff does not recommend any additional changes to the proposed allocations at this time.

D. Staff's Recommendation and Proposed Allocations

Staff recommends the Commission approve and adopt the revised recommendation set forth below, establishing allocations of power from the Post-2017 Resource Pool for the Boulder Canyon Project (Hoover Dam) as follows:

***Table 2 – Staff's Recommended Hoover Schedule D Allocations
For Consideration by the Commission on September 8, 2015***

Applicants	Capacity (kW)	Energy (kWh)
University of Nevada Las Vegas	3,000	6,545,526
Las Vegas Valley Water District	2,510	5,476,422
Pioneer Americas LLC dba Olin Chlor Alkali Products	2,000	4,363,684
Clark County Water Reclamation District	1,000	2,181,842
City of Mesquite	1,000	2,181,842
City of North Las Vegas	1,000	2,181,842
City of Henderson	1,000	2,181,842
Total	11,510	25,113,000

E. Re-allocation of Hoover Power when the Allottee does not Execute Contract with the Commission.

In the event an allottee does not enter into a contract in which it accepts an offer of hydropower from the Commission, or an allottee is not able to receive delivery or have necessary transmission and/or distribution service or any other alternate plans in place by October 1, 2016, the Commission may reallocate at its discretion that allottee's allocation to other eligible Applicants in this proceeding, pursuant to the Commissions regulations in NAC Chapter 538.

F. Term of Contracts

The Commission will determine the term of Nevada's Schedule D Hoover power contracts in a separate item scheduled for consideration by the Commission on September 8, 2015.

V. COMMISSION FINDINGS, CONCLUSIONS AND ORDER

The Commission has conducted the allocation of Schedule D Hoover power in compliance with the 2014 Revisions to NAC 538 and other Applicable laws.

The Commission approves the allocations of Schedule D Hoover power recommended by Staff which are set forth herein, and finds that allocations of Schedule D Hoover power to the entities identified in this Order will provide "the greatest possible benefit to this state" as required by NRS 538.161, for the reasons set forth in section IV. C. above.

All comments and questions submitted to Commission Staff and to the Commission regarding proposed allocations of Schedule D Hoover power prior to the issuance of this Order have been considered and accepted or rejected, in whole or in part, in preparation of this Order.

Therefore, it is ORDERED that:

1. The allocations of Nevada's share of Schedule D Hoover power set forth herein are APPROVED and ADOPTED as the Commission's new Schedule D Hoover power allocations from the Post-2017 Resource Pool created by the Act.

2. Pursuant to NAC 538, after issuance of this Order, Commission Staff will cause to be published the notice required by subsection 4 of NRS 538.181.

By the Commission,

George F. Ogilvie III
Chairman

Dated: Las Vegas, Nevada

EXHIBIT A

**TO THE ORDER OF THE COLORADO RIVER COMMISSION OF NEVADA
ESTABLISHING ALLOCATIONS OF POWER
FROM THE POST-2017 RESOURCE POOL FOR THE
BOULDER CANYON PROJECT (HOOVER DAM)**

**ALLOCATION CRITERIA FOR MARKETING NEVADA'S SHARE OF SCHEDULE D
HOOVER ELECTRIC POWER APPROVED BY THE COMMISSION ON
NOVEMBER 13, 2014**

I. Allocation Criteria and General Eligibility Requirements for Schedule D Hoover Power

1. In making allocations, the Commission will consider how an Applicant's use of Hoover Schedule D power would support the following proposed public policy goals in the State of Nevada, which are in no particular order:
 - a. Economic development, (including but not limited to large, industrial, manufacturing or commercial businesses, and economic development zones),
 - b. Education, and
 - c. Support of state, local, and tribal governmental entities.
2. In support of public policy goals in Nevada, the Commission will consider the following factors, which are in no particular order:
 - a. In-state direct and indirect job creation (e.g. the number of new full time permanent employees, short term employees; job creation based on capital investment or technology upgrades),
 - b. Exports of made-in-Nevada products,
 - c. New or expanded community or education programs,
 - d. New or increased tax revenues,
 - e. Reductions in expenses for governmental entities,
 - f. Benefit economically disadvantaged areas, and
 - g. Benefit rural communities.
3. In making allocations, the Commission will take into consideration whether the Applicant is a public entity, or a for-profit or non-profit private entity.
4. All Applicants will be subject to a creditworthiness review. In making allocations, all Applicants will be evaluated based upon overall credit history and their ability to meet financial obligations.

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5. Allocations will be made only to Applicants that will be able to receive delivery of Hoover Schedule D power beginning on October 1, 2017 and have the necessary transmission and/or distribution arrangements in place by October 1, 2016.
6. Allocations will be made only to new allottees that currently do not have an allocation of Hoover Schedule A or Schedule B power.
7. The Commission may base allocations on actual loads experienced in one of the calendar years 2011, 2012, or 2013, as designated by the Applicant. The Commission may use estimated load values if actual load data does not exist. The Commission will evaluate and may adjust unreasonable estimates during the allocation process. The CRC is available to assist Applicants in developing load estimates if necessary.
8. Allocations of power will be made in amounts determined solely by the Commission in its discretion pursuant to NRS 538.161, 538.171, 538.181, 704.787 and related regulations.

GENERAL ELIGIBILITY CRITERIA

The Commission will apply the following general eligibility criteria to Applicants seeking a Hoover Schedule D power allocation, pursuant to NRS 538.161, 538.171, 538.181, 704.787 and related regulations:

- 1) The Applicant must be an entity to which the Commission is authorized by law to sell electricity or provide transmission or distribution service.
- 2) The Applicant must be an entity which currently does not have an allocation of Hoover Schedule A or B power.
- 3) The Applicant must be able to receive energy directly or indirectly through its local utility, at a point of delivery authorized by the Commission. Authorized points of delivery currently include Amargosa Substation, Basic Substation, Boulder City Switchyard, Boulder City Tap, Clark Tie, Eastside Substation, Mead Substation, and Newport Substation.
- 4) The Applicant must have an annual peak load of at least 1 megawatt, which may be satisfied by aggregation of multiple loads [subject to certain conditions being met].
- 5) The Applicant must have load located within Western's defined marketing area (a map showing this marketing area is attached as Appendix "A").
- 6) An Applicant that is an electric utility must:

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- a. Maintain a power factor of at least 95 percent, or receive Hoover Schedule D power over the facilities of a utility that is able to maintain that power factor; and
 - b. Meet the requirements for integrated resource planning or a similar program.
- 7) An Applicant that is not an electric utility must:
- a. Receive Hoover Schedule D power over the facilities of an electric utility that is able to maintain a power factor of at least 95 percent, or receive Hoover Schedule D power over the facilities of a utility that is able to maintain that power factor; and
 - b. Receive Hoover Schedule D power over the facilities of an electric utility that meets the requirements for integrated resource planning or a similar program.

OTHER REQUIREMENTS AND CONDITIONS

- 1) The Applicant for an allocation of Hoover Schedule D power must sign a statement it understands that it will be subject to the following contract provisions if it accepts a contract with the CRC to receive Hoover Schedule D power commencing on October 1, 2017.
 - a. The Applicant must pay a proportionate share of this State's contribution to the cost of the Lower Colorado River Multi-Species Conservation Program.
 - b. The Applicant must participate through the CRC in the Boulder Canyon Project Implementation Agreement.
 - c. The Applicant must pay a pro rata share of Hoover Dam repayable advances.
 - d. The Applicant must meet the requirements for integrated resource planning or a similar program, or receive power from the Commission over the facilities of an electric utility that meets the requirements for such program.
 - e. If located within Nevada Power Company's service territory, the Applicant must pay applicable fees, tariff rates and charges pursuant to NRS 704.787.
 - f. The Applicant must pay a proportionate share of the debt service securities for Nevada Hoover Visitor Center and Airstot Debt which are applicable to all Nevada Contractors receiving Hoover power.

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- g. The Applicant may be required to make payments to a cash working capital fund, prepay for power purchased through the CRC, or provide collateral, or any combination thereof.
 - h. The Applicant must agree that it is subject to the jurisdiction of the courts of the State of Nevada or the courts of the United States of America for the ultimate resolution of any dispute which may arise under the contract and that any litigation addressing a dispute under the contract will be pursued only before those courts.
 - i. The Commission will determine the term of Nevada Hoover power contracts.
- 2) In order to assist the Commission in its consideration of applications and its deliberations, Staff will provide basic information for all Applicants to the Commission. The information will include but not be limited to the Applicant's: Name, physical location, annual peak load, current host electric utility, the portion of the Applicant's load currently derived from federal hydropower and the proposed Delivery Point and nature of provisions for delivery of any new Schedule D power allocation.
 - 3) All allocations of Schedule D power will be made pursuant to applicable federal and state statutes and regulations.
 - 4) If an Applicant does not contract for allocated Hoover Schedule D Power within 90 days of being offered a contract from the CRC, the CRC will reallocate that Hoover Schedule D Power to other Applicant(s) at the Commission's discretion using the allocation criteria established by the Commission.
 - 5) The Commission reserves the authority to grant waivers, for good cause, from any allocation criteria.

THIS DRAFT ORDER IS NOT A FINAL ORDER AND MAY BE REVISED
BY THE COLORADO RIVER COMMISSION OF NEVADA.

APPENDIX "A" to EXHIBIT A

WESTERN AREA POWER ADMINISTRATION DEFINED MARKETING AREA

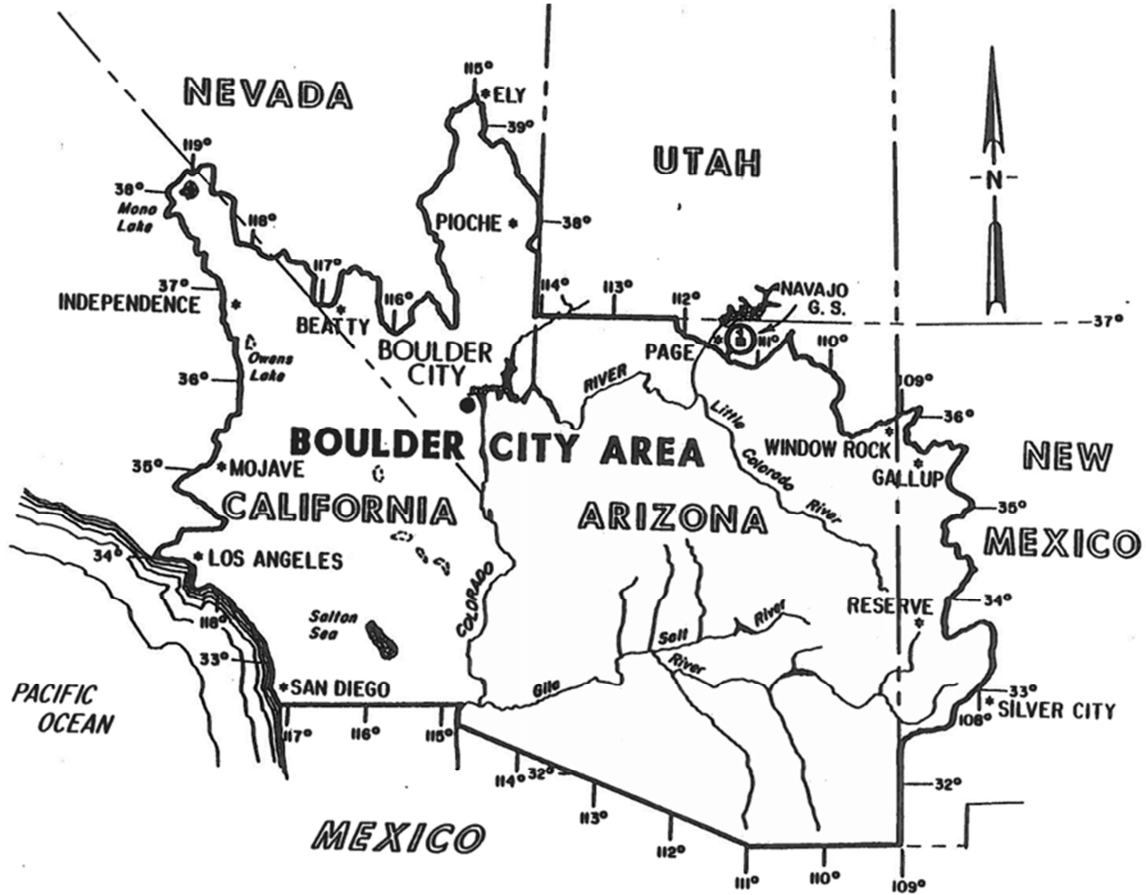


EXHIBIT B

TO THE ORDER OF THE COLORADO RIVER COMMISSION ESTABLISHING ALLOCATIONS OF POWER FROM THE POST-2017 RESOURCE POOL FOR THE BOULDER CANYON PROJECT (HOOVER DAM)

APPLICATIONS TO THE COLORADO RIVER COMMISSION OF NEVADA FOR AN ALLOCATION OF SCHEDULE D HOOVER POST-2017 POWER
APPLICANT INFORMATION

Applicant Information	Applicant Load		Host Utility ²	Other Federal Hydropower Allocation ³		Western Schedule D Hydropower Allocation ³		Current Hydropower to Peak	Location of Load
	Peak Demand (kW)	Annual Energy (kWh)		Capacity (kW)	Energy (kWh)	Capacity (kW)	Energy (kWh)		
Academica Nevada (Public Education)	917	1,866,576	NV Energy	0	0	0	0	0%	Las Vegas, Nevada
City of Henderson (Municipality)	20,277	85,322,188	NV Energy	0	0	906	1,977,993	4%	Henderson, Nevada
City of Las Vegas (Municipality)	22,497	145,450,083	Nevada Energy	0	0	1,054	2,301,109	5%	Las Vegas, Nevada
City of Mesquite (Municipality)	2,412	10,976,908	Overton Power District	0	0	0	0	0%	Mesquite, Nevada
City of North Las Vegas (Municipality)	17,695	49,826,644	NV Energy	0	0	763	1,665,793	4%	North Las Vegas, Nevada
Clark County Water Reclamation District (Wastewater District)	12,500	92,915,000	NV Energy	0	0	680	1,484,586	5%	Las Vegas, Nevada
Henderson Library (Public Library District)	190	1,835,288	NV Energy	0	0	0	0	0%	Henderson, Nevada

² Delivery arrangements will be through the host utility.

³ Other hydropower includes current hydropower allocations of Salt Lake City Area Integrated Projects and Parker-Davis Project resources.

³ Schedule D Hoover power allocated by Western Area Power Administration as part of the Post-2017 Resource Pool authorized by the Act.

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Applicant Information	Applicant Load		Host Utility ²	Other Federal Hydropower Allocation ³		Western Schedule D Hydropower Allocation ³		Current Hydropower to Peak	Location of Load
	Organization (Entity Type)	Peak Demand (kW)		Annual Energy (kWh)	Capacity (kW)	Energy (kWh)	Capacity (kW)		
Las Vegas Paiute Tribe (Native American Tribe)	4,246	7,156,376	NV Energy	410	2,287,435	688	1,502,052	26%	Tribal lands in Clark County
Las Vegas Valley Water District (Water District)	82,849	171,824,975	NV Energy	0	0	3,000	6,549,646	4%	Las Vegas, Nevada
Moapa Valley Water District (Water District)	354	1,031,670	Overton Power District	0	0	0	0	0%	Eastern Clark County
National Nuclear Security Agency (Federal Government)	25,552	72,638,000	Valley Electric Association	2,229	11,355,281	0	0	9%	Nye County
Nevada Department of Administration (State Agency)	2,621	11,077,966	NV Energy	0	0	109	237,970	4%	Various locations in southern Nevada
Nevada Department of Corrections (State Agency)	6,772	34,021,105	NV Energy	0	0	281	613,483	4%	Various locations in southern Nevada
Nevada Department of Transportation (State Agency)	3,976	13,509,941	NV Energy	0	0	116	253,253	3%	Various locations in southern Nevada
Nye County Entities⁴ (County Government)	3,248	14,855,078	Valley Electric Association	0	0	0	0	0%	Nye County

⁴ The Nye County entities referenced in VEA’s comment letter include Nye County and its member organizations listed in Nye County’s Application for Hoover Schedule D power. The member organizations include Nye County, Nye County School District, Beatty Water and Sanitation District, Pahrump Library District, Town of Amargosa Valley, Town of Beatty and Town of Pahrump (“Nye County Entities”).

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Applicant Information	Applicant Load		Host Utility ²	Other Federal Hydropower Allocation ³		Western Schedule D Hydropower Allocation ³		Current Hydropower to Peak	
	Organization (Entity Type)	Peak Demand (kW)		Annual Energy (kWh)	Name	Capacity (kW)	Energy (kWh)		
Pioneer Americas d.b.a. Olin Chlor Alkali Products (Corporation)	39,379	260,132,351	Colorado River Commission	0	0	0	0	0%	Henderson, Nevada
University of Nevada, Las Vegas (Public Education)	22,120	96,669,160	Nevada Energy	0	0	305	665,881	1%	Las Vegas, Nevada